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West Europe Report

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ARMS CONTROL

DENMARK

LEFT SOCIALIST PARTY REJECTS DYVIG REPORT AS ARMS DEBATE BASIS

Copenhagen INFORMATION in Danish 2 Jan 85 p 3

[Article by ja: "Left-Socialist Party Submits Alternative to Dyvig"]

[Text] The Dyvig report and the 3 May resolution unusable for committee work, says the party.

The Left Socialists are so dissatisfied with the material to be used as the basis of the interim work for the parliamentary committee that will debate Danish security policy that the party now presents an alternative basis.

The Left-Socialist Party [LS] feels that the Dyvig report--which is the basis for the work in the so-called Ostergaard committee--on the whole "only presents NATO viewpoints."

The parliamentary resolution from 3 May which the Social Democrats want to bring along when the committee starts its debates, is viewed by the LS as a "jelly jar resolution."

The alternative basis proposed by the LS constitutes a 7-page letter from LS Security Spokesman Keld Albrechtsen who is an alternate on the Ostergaard committee.

The LS proposes that Denmark immediately declare itself nuclear-free under all circumstances. This is to be viewed as the first step in establishing a Nordic nuclear-free zone. "The establishing of the zone does not have to wait for the approval of the superpowers or extensive European arrangements but must be established as soon as possible through a unilateral Nordic initiative," as it is stated in the letter.

"The superpowers will then be invited to safeguard the zone."

The LS thinks that a declaration would mean that reinforcement agreements with other NATO countries will be repealed.

"Also, the Joint Command for Denmark and Slesvig-Holstein must either be dissolved or reorganized so that it does not have charge of nuclear weapons."

The LS says "that Denmark must demand from all nuclear powers that they refrain from using their nuclear weapons, or at least refrain from first-strike use of nuclear weapons." At the same time, the LS demands that the nuclear powers introduce a disarmament process through negotiations and by unilateral measures.

The LS admits that the abovementioned concrete proposals can only be temporary measures. A long-term goal would be a demand for "a dissolution of the power blocs, NATO and the Warsaw Pact, and the European means for that must be broad, socialistic, democratic and antimilitaristic movements in both the East and the West; plans that can pave the way for dismantling the iron curtain and creating a social democratic Europe," it states in the letter.

9583

CSO: 3623/67

ARMS CONTROL

DENMARK

LEADING SOCIAL DEMOCRATS DEBATE ARMS POLICY IN NEW BOOK

Copenhagen BERLINGSKE TIDENDE in Danish 28 Dec 84-3 Jan 85 p 19

[Review by Niels Jorgen Haagerup of book "Man har et standpunkt" [One Has a Viewpoint] by Lasse Budtz and Kjeld Olesen, edited by Soren Moller Christiansen, Forlaget Eirene, Copenhagen, 1984, 198 pages, 98 kroner]

[Text] Security Policy

There has been so much commotion over the Social Democratic shift in the security policy that it warrants to be explained and discussed in a book. Now it has been published and it contains a large amount of material which, however, is of varied quality.

In his introduction, Kjeld Olesen singles out, in strikingly positive phraseology, the chapter that is written by Lasse Budtz as the main contribution of the book. It does not deserve it. Olesen talks about the insight that Budtz possesses; an insight that makes him capable of giving a "clear answer" to a following contribution by Professor Bjarne Norrestrand that strips the Social Democratic argumentation naked to the bone. Olesen writes: "Lasse Budtz does not only give an analytical background of the position of the Social Democratic Party [SDC] but summarizes the viewpoints in such a well defined manner that it hopefully can clarify many of the stated misunderstandings that have characterized the public debate."

Budtz' chapter with the heading "Resolution Number Eight" (it is the one from 3 May this year) contains a report on the Social Democratic campaign to change the Danish security policy and, as it is stated, work for detente, disarmament and peace-motivated strength--without demanding that Denmark leave NATO.

According to Budtz, the balance of terror is over only because both sides have enough nuclear weapons to defend any nuclear attack. But to concentrate on a more effective conventional defense is not the road forward either. It is to a high degree a question of whether conventional armament creates greater possibilities of nuclear weapons not being used, it states, and Budtz continues: "If both parties have comparable conventional strength, with everything else being equal, the temptation to use nuclear weapons immediately from the beginning will logically increase."

Those are the words on this essential point and it can hardly be these words that bring Olesen to proclaim Budtz' chapter--which is no longer or shorter than other chapters in the book--being the main contribution to the book. The concept is obviously that it is better that the West is weaker than the Soviet Union with regard to conventional weapons, as then there is less risk of the Soviets using nuclear weapons against us.

It would be interesting to follow this concept through to its consequences. What will remain of war prevention. The concept behind a stronger conventional NATO defense is obviously not only that the nuclear threshold can thereby be raised but that the deterrent will be more effective.

Later in the same chapter it states that "as we do not believe in the possibilities of limited nuclear war, and an unlimited nuclear war leads to the destruction of the world, it is in fact just as well to work for Denmark being nuclear-free in wartime as well." Is this what Olesen refers to as "the analytical background" that can clarify the many misunderstandings in the public debate?

Then Svend Auken is clearer in his argumentation. He writes: "An active European nuclear disarmament strategy does not exclude military defense. Quite the contrary, it ties things together. A security policy must in fact presuppose both active disarmament initiatives, a defensive/defensive strategy and a credible defense in an alliance with other states. It is not, however, correct to take it as a matter of course that such a strategy will require more appropriations for the non-nuclear forces. On the contrary, there will be an enormous relief if the concentration is to be just on defensive weapons systems and if the military planning is to aim at defense of own territory alone." Auken adds that obviously it is possible to obtain "considerable savings" through sensible cost control in the military.

The weakness in the Auken argumentation lies in the concept "defensive/defensive strategy." What is it? Unfortunately there is not much of an answer to be found in Knud Damsgaard's chapter about the new military technology or in Anders Jerichow's and Ojvind Kyro's chapter about the new technological land acquisitions. You cannot save much money on obtaining the latest--and most advanced--conventional weapons, just the opposite.

The most enlightening chapter is Nikolaj Petersen's chapter on the Scandilux-cooperation between the Social Democratic Parties in the small West European countries and the active membership of both the SDP and the Labor Party. Petersen summarizes the importance of this cooperation in three points: first, its role as a source of information, political analysis and policy options for the member parties; second, as an important significant legitimate factor for the changes in the policy of the member parties that have occurred; third, by increasing the status and influence of the participating politicians in the third party discussions at home.

Here is a good explanation of how Lasse Budtz has achieved his rank in his party. For years he has been sent not only to the Scandilux-meetings but also to the NATO meetings of parliamentarians, to the European Council and to

other international conventions. At these meetings he has without a doubt reached a position that he has been able to transfer over to his arena of party politics at home in his capacity as foreign policy spokesman.

Petersen justifiably puts great weight on the importance which the Scandilux-cooperation and the contact with other like-minded opposition parties in general has had for the Social Democratic Party's change of course in security policy. The various parties and their representatives have supported each other although it is only in Denmark, as Kjeld Olesen correctly writes in the introduction, that the Social Democratic Party has been able to create a majority for its viewpoints. But how solid is that majority?

As is well known, the socialist parties that are government parties, such as in Italy, France, Spain and Portugal, have another position in NATO and shame on those who think badly about the reason for that.

The heavyweight in the international socialist cooperation on security policy is Egon Bahr. His contribution to the book, namely his interpretation of the concept "joint security," is too summarized to be convincing. He should have had more room to develop the thoughts that also have inspired his Danish party colleagues.

A German SDP member's interpretation of the threat situation is so one-sided in its emphasis on the weakness of the Soviet Union and the strength of the West that it becomes of no interest although there is also a definite reason to fasten upon the weakness of the East.

David Jens Adler writes in his usual condescending fashion about the footnote commotion, and just like a representative for "No to Nuclear Weapons," he advocates a regular parliamentary resolution on declaring Denmark a nuclear-free zone.

Bjarne Norrestrander does not mince his words when criticizing the SDP's change of course and writes that "the only Social Democratic security policy left will be a contradictory vacillation between alliance policy and neutralism; a consistent denial of Europe's fundamental security problems and a superficial presentation of several improvised patent solutions rooted in neutral and pacifistic concepts from World War I." It can hardly be phrased more strongly.

9583

CSO: 3613/67

ARMS CONTROL

SPAIN

ROTA SEEN AS POTENTIAL RDF STAGING BASE

Madrid YA in Spanish 3 Jan 85 p 8

[Text] The Rota base has suitable facilities to serve as a backup for the modern American strategy based on their rapid deployment forces, consisting of paratroopers and Marines, who will constitute the most powerful shock force in the world. The modern concept of mobility, however, makes it very difficult to assign those troops to concrete missions that fit into a bilateral treaty such as the one that the United States has with Spain. Now, the ships "passing" through Rota or the aircraft doing so through Torrejon must have Spain's approval for the passage to their final destination outside the bounds of the agreement, the geographical implementation of which virtually coincides with the NATO boundaries.

The American rapid deployment forces are comprised of troops that have a very broad range, such as the airborne ones, who can go as far as the Red Sea area without stopping. In the "Bright Star" maneuvers during 1983, paratroopers who had boarded at their bases in the United States jumped in the desert south of Egypt. The modern Marine transport vessels, as large as aircraft carriers, are equipped to lodge the troops sailing the sea for a month. For the Yankee rapid deployment forces, an operation such as that of the Falklands War would be a "naval excursion."

Nevertheless, that military machine with so much mobility needs backup, such as airports from which the tank planes supplying fuel aloft to the gigantic paratrooper carrier aircraft can take off. And the same thing holds true of the Navy's transport vessels, which require ports with suitable facilities for providing them with supplies, if necessary, including going out to meet them with mother ships or helicopters.

Current Operation at Rota

At present Rota is the most important supply base for the United States on this side of the Atlantic before the entry into the Mediterranean. They share the port with the Spanish Navy (it has its air-naval flotilla base there), and the Navy ordinarily uses the No 1 dock for unloading supplies bound for the Sixth Fleet operating in the Mediterranean. At Rota the ships are adjusted in the relief stations of that powerful fleet, the "in-choppers" arriving from

the United States to enter the Mediterranean, and the "out-choppers" which leave the Mediterranean enroute to the American continent.

One can obtain an idea of Rota's supply capacity from the fact that, in a relief operation of Sixth Fleet units, for example, 15,000 dozen eggs, 10 tons of bread, 125,000 liters of milk and 40,000 kilograms of fruits and vegetables are put aboard and about 15 million liters of fuel are provided, equivalent to the amount of gasoline consumed during almost a week by the cars driving around Madrid. Items ranging from ammunition to toilet tissue arrive at Rota for the Sixth Fleet, brought by mother ships from the Atlantic coast of the United States. In addition, from the immense landing and takeoff runway at the base it is possible to haul aircraft to the port or, conversely, receive them there "packaged," and take them to the runway so as to spread their wings and take off to join the aircraft carriers in the Mediterranean, or the nearby waters of the Atlantic.

At present, Rota is essential for the rapid deployment forces going to the eastern Mediterranean or the Middle East. Only 5 percent of the troop transport and supply is carried out by air; the rest must take place by sea. And only in Rota is it possible to supply a large fleet with absolutely everything within a minimum period of time. The United States has in that Spanish base in Andalucia sufficient facilities and personnel to supply 20 ships (including ammunition) in less than 24 hours.

Political Obstacles

With this reality explained, there is nothing surprising about the fact that it should be of particular interest to the U.S. defense secretary, Weinberger, and his undersecretary, Perle, to be able to have Rota for rapid deployment operations. Geographically, backup in the Canaries might also be important, but at Rota there are already very expensive facilities a large portion of which could be used to advantage.

The fundamental obstacle for including Rota in the rapid deployment forces system is political, because the Madrid government has to authorize such use, since it is not contained in the context of the bilateral agreement, and Washington could not accept a right of veto for Spain in operations on which its interests as a world superpower depend. The rapid deployment forces have been devised primarily to intervene in the Middle East, where Spain and the United States have differing political views, particularly with regard to the Arab-Israeli conflict. During the past 5 years, the military relations with the United States have tended precisely to eliminate military subjugation not directly linked with the interests for common defense. The Socialist government's policy calls for a reduction in the United States' military presence in Spain which, in principle, would be difficult to coordinate with the indiscriminate backup for deployments of Yankee forces to territories outside the scope of NATO.

Availability of a Portuguese Base

Nearly 25 years ago, Spain's refusal, when Castiella was foreign minister, to allow Germany's new military air force to have indiscriminate use of our air space forced Bonn to give up the tactical use of the base at Beja (Portugal), the first one that the Germans had at their disposal abroad since World War II.

It is not going to be easy for the United States to ensure itself on this side of the Atlantic of bases with "blank checks" for rapid deployment action in the Middle East. The political instability in Morocco is too great to warrant undertaking a military investment plan on Moroccan territory, although King Hassan has given authorization for it. With Portugal, the Americans already have a great opportunity available in the Lajes base, in the Azores, for major airborne deployments; but that base is not operative for the Navy. For months, the Pentagon has been weighing the feasibility of proposing to the Lisbon government the use of peninsular or insular ports and airports wherein Portugal would grant total subservience to the rapid deployment forces. Only a future coinciding of Spanish and American interests in the Middle East and North African areas could possibly lead to the granting of facilities on Spanish territory for the rapid deployment forces; but, within a foreseeable period, it would appear that an understanding in this regard between Washington and Madrid is not likely.

2909

CSO: 3548/74

POLITICAL

BELGIUM

NOTHOMB ON COALITION PARTIES, BRUSSELS, NEXT ELECTIONS

Brussels L'EVENEMENT in French Dec 84/Jan 85 pp 42-44

[Interview with Charles-Ferdinand Nothomb, deputy prime minister of Belgium and president of the Walloon Social Christian Party (PSC), by Jean Claude Ricquier; date and place not specified]

[Text] [Question] Pre-election nervousness has visibly taken hold of the government majority. Therefore, wouldn't it be better to go for elections as soon as possible, thus avoiding the need for the government to go through a year of handling only routine matters?

[Answer] Speaking personally, I think that this government has a duty to respect the constitutional rule which provides that an elected Parliament should serve for the normal term of 4 years. Of course, there is always this or that particular matter which could influence a political party--or even the whole government coalition--to hold the elections earlier. However, I think that we have to do what we can to respect the commitment made to the voters--that is, a party or coalition is elected is for 4 years. This is all the more true now when we are emerging from years of cabinet instability and early elections. Those who have lived through these recent years, either in government or as heads of political parties, know how disastrous this kind of instability is for the management of state affairs. I might add that there are still many draft bills awaiting consideration. No doubt they are little known to the public at large, but we should bring them to a vote before this Parliament comes to an end. In any case, I will do everything possible to ensure that this Parliament will go out of office on the scheduled date: 8 December 1985.

[Question] Isn't it more difficult for the social christians to govern in coalition with the liberals than with the socialists, due to the fact that, particularly as far as the French-speaking community is concerned, the PRL [Walloon Liberal Party] and the PSC largely appeal to the same group of voters?

[Answer] Since the PSC is a center party which appeals to all social groups, this party would logically have the most points of potential friction with any other coalition partner. It is true that we share an important segment of the electorate with the liberals, but this is also true in the case of the socialists.

[Question] You think that you are competing with the Socialist Party [PS] for the support of some voters?

[Answer] Yes. However, it is particularly in terms of our respective organizations that there is clear rivalry between the PSC and the PS. The PSC has the support of a substantial number of workers, and therefore there is room for a very specific struggle between the two parties in terms of the organized workers. Thus, the PSC shares a common, sociological battleground both with the PRL as well as with the PS. Although it is true that, in electoral terms, our position is more difficult than that of the PRL, on the other hand when it comes to government decisions, our position is easier. This is because the liberals don't have this sliver in their paw, so to speak, which often prevents the Socialist Party bureaucracy from acting. I refer to the process of decision making. It is therefore easier for us to govern in coalition with the liberals than with the socialists.

[Question] If you were a Walloon worker brought up in the Christian tradition, would you still vote for the PSC in the next elections?

[Answer] Of course, because I would see that the PSC supports a policy of austerity which is quite necessary. The Walloon workers are as realistic as other Belgian citizens. The Cockerill affair proved this in a spectacular way. Everyone thought that the prospects for Cockerill were very gloomy. Now, we have proved that when you are courageous enough, you can rescue a company--and a whole industrial sector--from a really anarchical situation, while still protecting the most basic social achievements and the weakest elements.

[Question] What is your reaction to the idea of an asymmetrical government in Belgium?

[Answer] I would oppose it as much as I could. However, I think that this idea is quite unrealistic. Some people, in order to achieve a precise objective, might be tempted to enter into alliances with parties basically opposed to them. However, the voters would never understand that. What is remarkable in Belgium, with the exception of the liberals at the time of the most recent European elections, is the perfect symmetry of the election results in the South and in the North of the country. And this happened, despite the autonomy of the "fraternal parties." This proves that the voters made their choices between general party tendencies which for the most part are economic and social in character. Therefore, I am completely opposed to an asymmetrical government, and I also think that it will never see the light of day.

In my view those who press people to decide between two simplistic versions of affairs are involved in a pointless effort.

[Question] You have continuously been a member of the central government since the vote on the laws of August 1980. Are you satisfied with the way these new institutions operate?

[Answer] I really think that these new institutions have caused some concern among certain elements of society. However, in this regard I would like to make a comment which is not very common. It is said that these laws are imperfectly drafted. I recognize this. However, no law could be perfect on this subject where it is impossible to define, in a fully precise way, the various powers involved and their respective limits. Hence, certain people have been busy trying to make us believe that in Belgium our national sovereignty has been divided, that there are

three prime ministers, and that the new political entities should be called independent states, when they are only regions of our country. Now, clearly you cannot make a regional government function well by making it appear to be an independent state.

On the Walloon side Dehousse is past master in this kind of exercise. The Walloon region serves him as a pretext to challenge the authority of the central government and the legitimacy of Belgium as a nation. It gives him a pretext for making himself look like the prime minister of a sovereign state to foreign audiences. When, for example, he made a trip to Japan, it would have been the normal thing for him to have no precise Japanese opposite number, specifically because he is not the chief of a government. That kind of behavior is clearly damaging because it deprives Wallonia of the advantages which the proper use of the Belgian state would provide, and particularly our diplomatic representatives abroad. In short, this way of representing the laws as providing what they do not provide seems to me to be a case of political trickery. That kind of behavior disorients people and governments who, at times, no longer know what to believe. Now, I note that the 1980 laws have made cabinet stability possible and have restored the normal authority of the central government. If these laws had not been approved, very probably, in the name of a regional-ethnic community ideal, we would have retained a sort of non-system to which we could have attributed all possible virtues since it would not have existed, in fact. And we would have had to deal with the crisis we are now going through and which will continue, in a perfectly uncertain institutional context. Therefore, the 1980 laws clarified things, reestablished the stability of the central government, and ensured that the central government is no longer divided within itself by regional and ethnic community passions.

[Question] In this context, what is your personal position and that of your party on the future statute of Brussels and surrounding area?

[Answer] My personal position and that of my party are the same. That is, the rights of the people of Brussels should be the same as those of the citizens of the other regions of the country. However, as Brussels is in a special situation, that has to be taken into account. When Gerard Deprez speaks of a "super statute" for Brussels, I agree with him. As the cabinet minister responsible for the area around Brussels, I clearly appreciate that there is no simple solution for this kind of problem. Those who push people to decide between two simplistic solutions, which to some extent support each other, in my view are behaving in a stupid way. Those who, in the name of the historically Flemish character of the region around Brussels, demand its complete conversion to a Flemish area and the abolition of special arrangements for the Walloons will wind up offending the feelings of a large proportion of the people who, from then on, will demand to be attached to Brussels. On the other hand, demanding the inclusion of this area in the Brussels region in the name of the natural expansion of the city will only lead to offending the remaining proportion of the people who will then call on the Flemish community to help them to radicalize their positions. These two attitudes in no way serve the interests of the people.

Every day at least 20 press clippings and as many letters reexpressing one or the other of these points of view come into my office. I have looked in vain for a new argument on the subject. The same arguments have been made for the last 20 years. Therefore, in this connection my suggestion is as follows: don't threaten

others and you won't be threatened. I recall that everyone living in the area around Brussels is under the protection of Belgian laws, and that this is the best guarantee that they could have. In this area the impassioned adoption of radical positions is incredibly foolish. It can only lead to the opposite of what they say they want. Does Happart believe that separatism will bring prosperity and happiness to Les Fourrions? On the contrary! This extreme solution will only bring disorder and disappointment. What we have to look for is respect for people and for local democracy so that, finally, life can go on peacefully. All of the so-called other "solutions," because they are ultimately paradoxical, seem detestable to me.

[Question] Would a government coalition between liberals and socialists be possible?

[Answer] There are temptations in this direction. There are people who think of the 1954 precedent, the socialist-liberal coalition under Prime Minister Achille Van Acker. However, at that time these two parties had a common and precise objective: the Collard law. In this regard I see nothing comparable at this time. In any case if the liberals allow themselves to be tempted by such a coalition, they will experience once again a decline in their electoral support which, in my view, would be disastrous for them.

[Question] This is a question which many people in Belgium are asking. In your view what does Guy Spitaels want?

[Answer] Within the Walloon Socialist Party there are strong tensions between the pragmatic and ideological elements and between the radical federalists and the intelligent people. As he is in the opposition, Spitaels has the luxury of using a kind of standardized terminology which verbally tends toward radical federalism but which is more prudent in its concrete expression, so that the corridors of power will not be closed to him. This two-tone, standardized terminology makes it possible for him to maintain the unity of his party. In effect, I think that the socialists have perceived the extreme difficulty of governing in a time of crisis. In this regard the Cockerill-Sambre affair is significant. I am persuaded that Spitaels was personally convinced that major sacrifices had to be made to save the Cockerill-Sambre company. However, he preferred to have these sacrifices made by others. This is what led him into the opposition: the fear of the responsibilities of government and problems concerning the unity of his party. As far as I am concerned, I think that if we continue to govern wisely, we will be able to continue to do so without him.

[Question] I know very well that this is a delicate question, but the determination of the social christians to avoid resolving the problem of decriminalizing abortion--doesn't this look to you like a kind of denial of political justice, since it ends up by approving the detestable status quo of the matter?

[Answer] The question is a delicate one, but I won't try to avoid it. In my view there is no possibility that a member of Parliament can openly or in some contorted way justify non respect for life--or even simply tolerate it. This is a question of principle. Secondly, you don't have to be blind, and, therefore, you have to pass laws to deal with the situation as it is.

[Question] But why pass laws on the subject? Why not simply cancel the two articles of the Penal Code dealing with abortion?

[Answer] Since we live in a country where we have laws which prohibit abortion, if you decriminalize abortion suddenly, that clearly looks like a law that shows no respect for life. That is a solution which I cannot support. In the second place I consider that once everyone recognizes that abortion is a plague, we clearly will have no need for any kind of law which ends up by increasing, in fact, the number of abortions. As far as I am concerned, I keep in mind two criteria which I will apply to draft bills on this subject. The first criterion is that any new law should continue to protect life and, in this case, the weakest among us. The second criterion is that any new law should in all respects improve the ambiguous and hypocritical situation in which we find ourselves. That means that as long as I am not convinced that these improvements are real and provide alternative solutions to the problem, I will remain faithful to my first criterion: the respect for life. I note that those who limit themselves to proposing cancelling this principle, contenting themselves with decriminalizing abortion, are condemning us to the legislative status quo on this matter. I regret this, because we certainly need to have clear and well understood laws for the courts to apply. However, if I am forced to choose between these two principles, I give priority to the respect for life over that of individual freedom. And I am not one of those who think that so serious a problem can be resolved simply by saying: there is no longer any law on this subject.

[Question] Is it correct that, when you were appointed to form a cabinet in 1981, you were subjected to a liberal veto on any negotiation with the socialists?

[Answer] I was appointed to form a cabinet in 1981, following the failure of Willy De Clercq to form a christian-liberal coalition. Then I tried a more balanced formula--that is, a three party coalition--in order to find the most solid kind of majority possible.

However, there was a refusal by the socialists, principally the Walloon socialists, to accept two of my conditions: priority attention to economic over social questions and the reform of Parliament since, as president of the Chamber of Representatives, I had been able to see how badly it was functioning. The socialists refused to leave institutional and community questions out of the negotiations on forming a government. And they clearly let it be known that they were not interested in parliamentary reform. From then on, as it had been proved that a three party coalition was impossible to form, the conditions were right for a christian-liberal coalition. However, this time the initiative was in the hands of Wilfried Martens. It was this demonstration which gave the present government its solidity, because if the same coalition had come into being under other conditions, I think that it would not have lasted long.

[Question] If Etienne Davignon does not lead the PSC list in the next elections, will you be the leader?

[Answer] The two things are not linked in any way. All of that comes from rumors picked up by LA LIBRE BELGIQUE. Following the publication of this rumor, I was asked about it by the Brussels branch of the PSC, which made no proposal to me. For my part, I made no proposal either. Therefore, this rumor seems to have its

own life. It has not been inspired either by the Brussels branch of the PSC or by the PSC national party. I would like to see the Brussels branch of the PSC find young and dynamic candidates, whom I would willingly support.

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POLITICAL

DENMARK

SCHLUTER, JORGENSEN DIFFER IN OUTLOOKS FOR COMING POLITICAL YEAR

Schluter Confident Coalition Durable

Copenhagen BERLINGSKE TIDENDE in Danish 30 Dec 84 Sect II pp 1, 2

[Article by Birgit Rasmussen]

[Text] Prime Minister Poul Schluter speaks on the reasons for his unwavering optimism, on the fickle support of the people, on the need to find the largest common denominator in political policies, and on the need for a slightly shorter workday--for the prime minister, that is--in the new year.

Will the prime minister be Denmark's most popular man in 1985, as well?

"Well, the approval of the people is certainly a fleeting phenomenon. I guess I was chosen this year because I am the one in charge. On the other hand, I will also be the one who takes it on the chin, if it comes to that. Great popularity can turn against you, but I see no signs that this is occurring. If we stay the course in the new year, I believe the government will continue to be respected."

Poul Schluter is unwavering in his optimism, although the director of the national bank has been vulgar enough to say that we cannot live on optimism in the long run.

The slogans on the signs just a stone's throw from the prime minister's door do not bother him. "Wipe the smile from your face," one sign says. He is still smiling. He does not always smile, "but it has become 'in' at the newspapers always to choose photos in which I am smiling."

Listening to the prime minister is like taking a mixture of valium and speed, along with a dose of snake oil. Perhaps we do need a wonder drug to "save Denmark." It does not taste bad and it is served with a smile. It results in a quick high. First you take a little optimism and relaxed self-confidence (his own term), add the belief that everything will fall into place, and complete the mixture with energy, drive, and some diet pills, to allow for belt-tightening. This is basically what we need. We must also behave in a rational and reasonable manner, as the politicians say.

Slaughtering Sacred Cows

There are many indications that most people have confidence in the remedy proposed by the coalition government which obviously pleases that government's leader. But is there no fly at all in his ointment?

"I hope we can all remain patient and understand that, although we are moving in the right direction, it will take several years to complete the reorganization process. I hope we do not give up halfway."

Do you believe your government can stay together for those years?

"Nothing lasts forever, nor should it, but there are many indications that the coalition government will remain the leading political factor in Denmark for a long time to come. I am totally convinced that we will not lack the ability to stay together. Nor will there be a lack of desire to propose the solutions that are needed. You must remember, however, that we must fight continuously to gain a majority. This presents us with certain limitations."

"Last fall someone said, 'Now the government has met an impasse.' I do not believe this. I believe we can continue to create positive trends in our economic development. This might not be true with regard to the international economic situation, but it does apply to our domestic situation. According to all indications, investments are continuing to rise at an enormous rate and unemployment is on the way down. Last year almost 50,000 new jobs were created, primarily in the private sector. And this occurred at a time when, unfortunately, unemployment is on the rise in most other countries. The deficit in the balance of payments is too high, but I believe we will be able to reduce it. This deficit has increased because so many companies have decided that the economic upswing is for real and, as a result, they have begun to import raw materials, semifinished goods, and machinery."

What else do you expect in 1985?

"I hope we can reach some reasonable new agreements that will not destroy, but build up the present trend even more. It is vital to our future that the new year get off to a good start. I believe we will gain a majority in support of an improved taxation system. It will be simpler and easier for people to understand and it will encourage working and saving. It also will be more equitable."

Will it hurt your standing within your party if you slaughter one of its sacred cows? There has been some grumbling in the ranks.

"When you dare to make a nonsocialist proposal for tax reform there will be some grumbling, of course. This is particularly true before the proposal has had a chance to produce effects that will be positive for everyone. I must say that the time is certainly not right to make significant reductions in tax payments for people in high income brackets. That would be misguided and unreasonable, but there are people who are asking me to do that."

But we should not see you as a kind of Robin Hood, should we?

"No, there must be limits. The idea is to find a balance."

Help Not Good Enough

Some people say you have gone too far in the opposite direction. During this holiday season, what do you have to say to the growing number of Danes who are being sent--often by state welfare offices--to private charities for used toys and food from the Salvation Army and other such organizations? At the same time, they see others purchasing more luxury automobiles and video equipment, taking vacations in distant countries, and enjoying their wealth in every imaginable way.

"That disturbs me deeply. We are one of the richest societies in the world and probably have the world's best welfare system. Still, it is not perfect. There are poor people here. There certainly are. It is difficult to say how many. There are many reasons why people cannot get by and why they end up in a difficult situation--despite the system."

Are some of those reasons the results of governmental policies?

"Yes, but not many. From the time we took over in 1982 and including the 1985 expenditures as indicated in the new budget, social and healthcare expenditures have increased by 1.6 billion kroner. The figures are there to see. In addition, there are more employees in the public sector today than there were when I became prime minister, even though many accuse us of firing public employees by the tens of thousands."

Those figures will hardly impress those who are already helpless and are obviously worse off today, while others have plenty to spend. Is it not possible to govern in such a way that the gap is less obvious?

"It is true that our welfare legislation is not good enough, although it provides the best benefits in the world. But we are not satisfied. We will try to improve all the time. The national economy must function well enough to provide enough profit to permit us to improve our social standards, to the extent that this is a natural result of our increased standard of living."

Are you ever afraid that you will split Denmark into two societies?

"No, I do not believe that is a correct assertion. I have taken note of the agitators' slogans, such as the 'social mass grave' and others. We cannot be satisfied as long as some people fall through the cracks, but it is not just a question of spending levels. We must also look at human, psychological adjustment to reality which, for more and more people in our modern society, is becoming more and more difficult. But I believe firmly that as our society gradually begins to operate more harmoniously and vigorously, then many people who have social difficulties today will find it easier and easier to cope with the situation. I have just as much sympathy with them as you do. After all, all of our efforts are directed toward restoring prosperity."

Faith And Self-Confidence

How does it feel, on the one hand, to be idolized like few others have been and, at the same time, be the object of an almost personal hatred that is expressed in extremely harsh terms, the like of which we have seldom seen before?

"I seldom see this hatred in individual people. They may fly off the handle at me, but if I am allowed to explain that there actually is a close connection between austerity measures and our ability to clear up the source of their dissatisfaction, they usually understand."

"But what we are doing requires faith and, well, self-confidence. Otherwise it will not work. This is also why the Social Democrats are in the opposition and probably will remain there for a long time. They lost their self-confidence, did not have the necessary courage and boldness, and had to give up. In the end, the air leaked out of their balloon!"

So you became a better prime minister than you believed possible?

"Yes, I was asked recently what had been my biggest surprise as prime minister. I answered: 'That I was so good at it.' We laughed about that. There was a grain of truth in it, but it is probably wisest for me not to analyze my own strong points. If you are too conscious of it, it may 'get away.' But I am glad things have gone as well as they have. I am happy to be in charge and see the four coalition parties working so loyally and confidently together."

Do you act as the "tutor" of the cabinet ministers? Do you allow them to work on their own and then step in when they encounter difficulties?

"It is my task to help and support each minister in his relations with the rest of the government. They say that the ministers must be loyal to their prime minister, but it is at least as important for the prime minister to be loyal and helpful to his cabinet ministers."

Can it be difficult to make sure that everything is in order and, at the same time, see to it that no cabinet minister loses face?

"I do not believe that it has been so difficult."

Conservative Self-Discipline

On the topic of keeping the coalition government together, Poul Schluter said:

"An effort must be made every day. We must work at it all the time, just like in a marriage. We must always realize that we must work together as a unit, at all costs, and not as four separate parties. The coalition probably has fewer internal battles than the Social Democrats have in their parliamentary group."

How long can you maintain this solidarity and friendship if the parties begin to lose their individual profiles?

"I believe everyone still knows what the Liberal Party stands for, what the Christian People's Party emphasizes, and what the Center Democrats stress. This has not been forgotten, but I tell myself that, if we are to succeed, then the central issue is not the individual political stances, but the spirit, tone, and style!"

And it does not matter that, despite all this, it is your party that is taking the credit among the voters?

"Undoubtedly, the pattern will be slightly different after the next elections. The CD (Center-Democratic Party), in particular, has paid a price. It is a party with restless voters and, as we have seen, CD usually stands to improve its position 'next time.' I feel rather sure that they will make advances, so that a certain balance will be restored."

Do you feel a conflict of interest? After all, you are the party chairman.

"I would like to avoid that situation. So far, I have felt no conflict of interest. But I, individually, must look after the joint interests of the coalition. Others must take care of the more party-oriented tasks. This means our parliamentary group, under the leadership of Knut Ostergaard. Still, there are limits to the leeway I may allow myself."

Is it true that the Conservatives have the toughest group discipline at Christiansborg?

"Yes, the group is led by a firm hand. We must not deny that for a minute. But our members also have a high degree of self-discipline. They are probably the most restrained group when it comes to making impudent or rash statements to the press. They are also careful not to make inflammatory statements that could create concern within the other three parties. We make a conscious effort in this area, which is rewarded by the voters. As the largest party, we have the primary responsibility for making the coalition work. Our people work hard and they are extremely energetic, but the people want nothing to do with wild or rash statements or programs that make them think, 'Now there will be big trouble.' People want stability and calm and they want to avoid political crises. People demand that we stay together. Thus, they will not reward those who go off in all directions, but they will reward those who avoid being too aggressive in putting their own distinctive stamp on policies. Now is not the time for ego trips, not at all!"

Dangerous Ideologists

Sometimes Poul Schluter dreams about how wonderful it would have been to be prime minister during the Golden Age of the sixties, when everything practically took care of itself and the country became 10 percent richer each year. "Just imagine leading the way toward positive reforms, programs for new universities

and hospitals, and new public services for the people! I am gratified by my personal success, but my years as prime minister have not been years of prosperity."

Do you also dream about the future, or are visions not your strong suit?

"Well, I believe I have written much that is future-oriented and that attempts to establish a political philosophy, but I am no lover of ideological politics. You can develop wonderful political ideologies, but generally they cannot be applied to reality. Then people must adjust to the ideology, whether they like it or not. Ideology is rubbish!"

Clearly, you have tried to avoid ideological debates. Some people have hinted that if the true Conservative ideology were elucidated in the debate, it would turn out that it did not really apply to you, but that you actually stood to the left of your mainstream voters. You have said that, to be sure, you are a conservative, but not "that conservative." When does one become "that conservative?"

"It is dangerous to lose one's moderate, tolerant position and become a rightist ideologist. You must always be able to understand other people and their motives. I believe that the solution that is best for the great majority is the solution that is arrived at by give and take on all sides. We must create a society in which the greatest possible number of people look at it and say: 'Yes, that is my society. To be sure, it is not perfect, but I must realize that it is not there simply for me and those who agree with me. It is also for everyone else. We must find a common denominator that is acceptable to us all.'"

"I am prime minister now, but we have a minority government, so that I am not especially despotic. I must show great consideration to the other parties in order to achieve a majority. But that is not contrary to my nature. I have nothing against that. This is how I understand democracy. You must show consideration toward others who are willing to work with you. They must also be satisfied to a reasonable extent. It is no good having partners who go around angry at you all the time."

A Difficult Year

Do you have any wishes for the new year?

"I would like to cut back on the number of hours I work. It would be nice to cut back to less than 50 hours, but that is probably too much to ask. But it has been a difficult year. I am hoping for a year with a political climate that will permit me to relax occasionally."

How great are the chances of that?

"Well, I am just hoping. But still, after this fall, it appears that 1985 may be a stable and quiet year in politics. It is clear that the Social Democrats

are getting more and more accustomed to the idea of remaining in opposition for a long time. I believe this is good for the country. It is no good having a crisis every month."

On New Year's Day, Poul Schluter will speak to us by way of television, according to his tradition. Svend Auken has called him "Denmark's first TV prime minister," who is better at using the media than any of his predecessors. He is of a totally different opinion.

"The remarkable thing about me is that I seldom appear on the screen. I turn down the opportunity, if at all possible. I do not believe that a prime minister should force his way into people's homes every evening. I do not even like to watch myself. I believe I look terrible on television and I try to avoid seeing myself. I used to take a little drink afterward to console myself."

Jorgensen Attacks Schluter, Program

Copenhagen BERLINGSKE AFTEN in Danish 28 Dec 84-3 Jan 85 p 3

[Article by John Wagner]

[Text] Prime Minister Poul Schluter, former Prime Minister Anker Jorgensen, and Radical Liberal group leader Niels Helveg Petersen discuss what happened in 1984 and what will happen next year in the wage negotiations, in the area of tax reform, and in the debate over Denmark's security policy during a special parliamentary committee.

On Thursday 15 January at 1300, parliament will resume its work after an unusually long Christmas vacation.

On the agenda is the second reading of Agriculture Minister Niels Anker Kofoed's proposal that would change the law on government guarantees for loans and interest payments for certain farmers, the first reading of Education Minister Bertel Haarder's proposal that would change the law on refinancing government-guaranteed loans, and three other first readings.

But during the next 5 months, up to Constitution Day when the members of parliament hope to return home for summer vacation, the newspaper headlines will not mention these five proposals or many of the other more than 100 proposals and over 50 resolutions that were introduced before Christmas.

The political debate in the Kingdom of Denmark during the next few months will be about the wage negotiations that are now underway, tax reform negotiations, and clarification of Denmark's security policy, which is to occur in the "Ostergaard Committee," the ad hoc committee chaired by the Conservative group leader, former Defense Minister Knud Ostergaard, which was appointed in order for parliament to examine the report of the so-called Dyvig Committee on Denmark's security policy.

It is generally believed at Christiansborg that these three topics--especially wage negotiations during the first 3 to 4 months of the year--will overshadow the other legislative work and that only one of these "hot" items could create serious problems for the government. It is evident that the economic and political cooperation between the coalition parties and the Radical Liberal Party is so strong that any talk of an election before the summer recess may be dismissed as pure nonsense.

In order to clarify the political situation at the end of the year, WEEKENDAVISEN asked Conservative Party chairman and Prime Minister Poul Schluter, Social Democratic chairman and former Prime Minister Anker Jorgensen, and the chairman of the Radical Liberal parliamentary group, Niels Helveg Petersen to answer questions on how they viewed 1984 and what they expected in 1985.

Gratifying

What political event was most gratifying in 1984?

Poul Schluter: "The fact that we got the economic upswing underway, thereby laying the groundwork for greater economic growth and for slowing the rise in unemployment, which has now begun to drop."

Anker Jorgensen: "That is overlooking the facts. Unemployment has not really dropped. The deficit in the balance of payments is rising and our foreign debt has increased dramatically--and this has occurred under a government that, while in the opposition, condemned such actions, but is now constantly taking out new loans. Still, it is gratifying to see that our support of the real-interest fee helped reduce the deficit in the national budget."

Niels Helveg Petersen: "It was gratifying that my party gained ground in the January elections and that those parties that opposed the budget lost ground. That has led to results. Thus, before Christmas at the third reading of the 1985 budget, we saw the Social Democrats change their position of December 1983 and this year they voted for the budget. I hope this is an indication that the Social Democrats are beginning to assume a more normal role in the opposition. It is highly significant that the government has indicated that we should reach basic agreement on tax reform before Constitution Day."

Unfortunate

What political event do you see as the most unfortunate in 1984.

Poul Schluter: "The fact that the Soviet Union left the negotiating table in Geneva, so that the disarmament talks were interrupted. Fortunately, toward the end of the year, a new understanding has been reached so that the negotiations will be resumed. In domestic politics, it is unfortunate that the balance of payments deficit has risen even though it has done so because of the need to finance the economic upswing."

Anker Jorgensen: "It is unfortunate that the government is cutting the budget for social services, even though the economic situation abroad indicates that this is unnecessary. The government has taken such an ultraconservative position that it sees cutting social services as an end in itself. In general, however, there are many things that are regrettable, especially the continued deployment of 572 new nuclear missiles by NATO. I do not believe this is why the Soviet Union wants to return to the bargaining table. On the contrary, the deployment of new NATO missiles has caused the Soviet Union to begin deploying new missiles in the East, just as we feared. It is good that they are returning to the bargaining table, but it is unfortunate that this is occurring after another round of arms buildup."

Niels Helveg Petersen: "It is unfortunate that the superpowers did not make more of an effort in 1984 to curb the nuclear buildup, but perhaps 1985 will bring better news in this area."

Wish List

What do you believe is the most important political task for 1985?

Poul Schluter: "To conclude wage negotiations in a reasonable and responsible manner. This is absolutely necessary if we are to continue the economic upswing, promote greater business investments, and reduce unemployment."

Anker Jorgensen: "The Social Democratic Party will attempt to sway public opinion in favor of more socially conscious politics. Unfortunately, the Radicals are not interested in talking. In the area of foreign policy, I hope we can reestablish detente and that we will be able to arrange a Nordic parliamentary conference on a nuclear-free Nordic zone."

Niels Helveg Petersen: "It will be of decisive significance to our economic and political development in the coming years for the present wage negotiations to result in wage increases that will be low enough to permit us to make a significant improvement in our competitive strength. If that occurs, then I foresee positive developments in both employment and balance of payment figures."

Conflict?

Do you believe that the wage negotiations can be concluded without a conflict?

Poul Schluter: "I do not know, but I hope so."

Anker Jorgensen: "It will be extremely difficult."

Niels Helveg Petersen: "I believe they can."

Tax Reform

Do you believe that the basic principles of a tax reform will gain the support of a broad majority?

Poul Schluter: "I hope that will be the case. The outline for a reform that has been presented by the government differs from all previous proposals in that it actually can be implemented."

Anker Jorgensen: "I am afraid it will be dragged out more than necessary and that the whole thing will be a theatrical event for the people to watch. But I hope that there will be some genuine negotiations."

Niels Helveg Petersen: "After many years of trying, 1985 may be the year in which a broad majority reaches agreement on a tax reform. I believe it will happen. There are many loose ends and defects in the government's proposal, but it also contains an element of compromise, in that the coalition parties are willing to alter the deduction for interest payments so that it will be the same for everyone, regardless of income."

Ostergaard Committee

Do you believe that the parliamentary ad hoc committee on Denmark's security policy can restore unity between the Social Democrats and the coalition parties?

Poul Schluter: "That is one of my sincerest wishes for the new year and I believe the prospects are good. But it will require both sides to be flexible and not be tied down by old resolutions."

Anker Jorgensen: "All that talk about restoring unity is nonsense. What is important is the substance of what we are talking about--and we will continue to maintain that Denmark must oppose the nuclear buildup. Foreign Minister Uffe Ellemann-Jensen seems unwilling to do so, even though a majority in parliament has directed him to do so on several occasions. For this reason, all the superficial chitchat about unity is beside the point. We agree that we should continue to be a member of NATO and have a military defense. But a solid majority in parliament, to which the coalition parties should accede, believes that, in various ways, we should work toward detente, especially in the area of nuclear weapons. Obviously, we should not cling to old resolutions. The government must simply live up to the resolution of 3 May, which the prime minister himself has said is an important part of the government's policy."

Niels Helveg Petersen: "I believe it is possible for the work of this committee to lead us into a new era, where security policy is not established by parliamentary resolutions alone. Regardless of what security policy you support, it would be useful to develop a better method of determining our foreign policy."

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POLITICAL

FINLAND

NEWSPAPERS INTERPRET RESULTS OF MUNICIPAL ELECTIONS

Big Setback for Left

Helsinki HELSINGIN SANOMAT in Finnish 24 Oct 84 pp 3, 35, 33

[Article: "Left Wing Left with 45 Municipalities"]

[Text] Only 45 of mainland Finland's 445 municipalities will have a left-wing majority after the municipal elections. The left wing lost the majority in 15 municipalities as a result of the poor election showing of the SKDL [Finnish People's Democratic League] and succeeded in gaining only two new municipalities for itself.

The SKDL lost more than 300 municipal council positions above and beyond the more than 200 positions it lost in the previous municipal elections. The SDP held its position and obtained a full 2,830 municipal council seats according to HELSINGIN SANOMAT calculations. The Conservative Party won approximately 60 additional seats.

As is customary, the Center Party clearly won the most municipal council positions. Even though the Kepu/LKP [Center Party/Liberal People's Party] received only 20 percent of the votes, it took nearly one-third or more than 4,000 municipal council positions. The Liberals' share of these positions was 80.

The biggest winner in the new distribution of municipal council seats was the SMP [Finnish Rural Party], which almost doubled its positions by snatching up nearly 300 new positions. Another big winner was the Green movement. The Greens launched an assault on several dozen municipal councils with more than 100 positions and are holding the balance in many municipalities.

The exceptionally low voter turnout -- 73.6 percent -- meant that there were nearly 50,000 less votes in these municipal elections than 4 years ago. Nearly 1 million people who are entitled to vote did not vote. Only the SMP and the RKP [Swedish People's Party] were able to increase their total number of votes.

Voter apathy as well as the success of the Greens and the nonaligned reflect a growing dissatisfaction with the method in which the older parties conduct politics particularly in the population centers of the South according to the

pollsters. It is estimated that the sleeper parties took the most votes away from the left-wing parties and the SMP.

The official election results will be confirmed on Saturday.

Election result from votes counted in 445 municipalities (1980 municipal election results shown in parentheses):

Social Democratic Party	
24.9 percent (25.5)/2834 council members (2820)	
Conservative Party	
23.0 percent (22.9)/2435 council members (2373)	
Center Party/Liberal People's Party	
20.3 percent (21.9)/4046 council members (4092)	
Finnish People's Democratic League	
13.8 percent (16.6)/1508 council members (1835)	
Finnish Rural Party	
5.3 percent (3.0)/636 council members (348)	
Swedish People's Party	
5.1 percent (4.7)/701 council members (676)	
Finnish Christian League	
3.0 percent (3.7)/242 council members (333)	
Greens	
2.9 percent (0.2)/104 council members (1)	
Constitutionalist Rightwing Party	
0.4 percent (0.5)/5 council members (8)	
Others	
1.3 percent (1.0)/137 council members (103)	

Non-socialists 57.1 percent (56.7); Socialists 38.7 percent (42.1); Others 4.2 percent (1.2).

No Clarification of Communist Party Rift in Elections

The municipal elections did not bring any clarification to the fighting among the Communist Party factions in the SKDL. The cold fact in the elections was only the fact that the SKDL lost nearly 350 of the 1,830 council seats it obtained in the previous municipal elections and approximately 85,000 votes.

The majority leadership in the SKP [Finnish Communist Party] was able to congratulate itself on the fact that the SKDL did not lose as badly as was indicated by the gloomy preliminary figures.

The majority prefers to compare the election results with last year's parliamentary elections, in which the SKDL lost only a small portion of its share of the votes. The predicted crushing defeat turned into a small defeat, which can with good will be interpreted as a preventive victory.

Compared to the results of the parliamentary elections, the SKDL even strengthened its positions in some election districts. But if the 1980 municipal elections are taken as the point of comparison, the result is a minus sign

all the way across the board -- it is only the length of the minus sign that fluctuates.

The SKP's Taistoite [Stalinist] minority attempted to gain seats in municipal councils by its own efforts outside of the SKDL's lists in 12 communities. Fielding candidates on their own election lists gave them a good opportunity to test their wings and the extent of their support in the event of establishing their own party in the future.

Result Nothing to Brag About

This test result was nothing to brag about. In locations with two lists the SKDL's own list as well as a separate list did not fare as well as combined lists on the average. In addition, the minority lost more positions in more municipalities than the majority.

The minority tested its election luck in seven election districts, among which the best results were gained in Helsinki (2.6), Uusimaa (2.0), and Lapland (1 percent).

On joint lists the minority succeeded at the expense of the majority due to an iron concentration of votes. The largest concentration is probably in Oulu where the minority won five positions with a little less than 2,000 votes and the majority won eight positions with approximately 9,000 votes -- of which at least three positions went to the so-called third-liners.

The majority--minority arrangement is further confused by the third-liners, who are travelling along the path pointed out by former SKP Chairman Jouko Kajanoja. The minority and the third line call themselves a so-called unification force so that in counting the majority in a council faction they are added together against the majority's so-called axing policy line.

In any event, the municipal elections gave Kajanoja a bridgehead position, in which the points of emphasis are Helsinki, Oulu, Kajaani, and Vantaa. Since last spring Kajanoja has not had a significant arena of public influence.

The "unification forces" obtained a majority position according to preliminary information, for example, in the SKDL's Helsinki (6--5), Turku (8--6), Outokumpu (3--2), Nokia (9--7), Lappeenranta (3--0), and Jarvenpaa (7--0) municipal council factions. In addition, they were able to achieve a tie of 4--4 in Tornio and they strengthened their positions in Kemi.

Majority Advanced in Uusimaa

Compared to the minority, the majority advanced in Uusimaa, in particular, where the acting SKP district organization promotes a line stricter than that of the minority. Elections were held on two lists particularly in the election district of Uusimaa.

According to preliminary information, the majority will gain the upper hand, for example, in the municipal council factions of Espoo (3--2), Hyvinkaa

(5--2), Riihimäki (2--1), Vaasa (5--3), and Kotka (5--4). In the municipalities with two lists the majority kept the upper hand in Tuusula, Ylöjärvi and Tampere.

The majority's advancement in Uusimaa in relation to the minority will not at all restrain the desire of the SKP's leadership to expand beyond the party work occurring in the district organization. The first step was taken in June and more actions may follow at the full session of the Central Committee next Saturday. Initial measures have also been encountered in the district of Turku.

According to SKP Chairman Arvo Aalto, "measures by which a rational course will be restored within the movement must be accelerated".

"Fundamental decision will be made in the Central Committee. That which is being accomplished now will direct events and will not be particularly decisive at the concrete level," stated Aalto on Tuesday.

Red Color Decreased from Finland's Political Map

The red color indicating a left-wing majority in a municipal council diminished considerably from the political color map of Finland's municipalities in the October 1984 municipal elections, in which both left-wing parties, the SDP and the SKDL, lost support.

The SMP and the Greens, the most noticeable winners of the elections, were not yet able to put their own colors on the map. They did not succeed in obtaining the largest municipal council faction in any one municipality.

The moderately good success of the Conservative Party and the Center Party is also visible on the color map. The primary color of municipal life, the Center Party's green, became more apparent than before and there was also a slight increase in the Conservative Party's blue.

Elections were held in 445 municipalities. The desire for change on the part of citizens was apparent in that the color on the map changed in 45 municipalities. In the previous municipal elections the municipalities with a change of color were 10 less.

The left wing lost its majority in 15 municipalities, but as compensation Uusikaupunki acquired a left-wing majority after a 4-year interim and the small municipality of Kaskinen now became strictly red also. Thus the color red disappeared from a total of 13 municipalities.

There are 45 left-wing majority municipalities left in Finland or 10 percent of all the municipalities.

The color red was swept away particularly along the trunk line from Helsinki to Häme and from Vantaa all the way to Lempäälä and Pirkkala. Also Hämeenlinna was blue for a while until it was given a socialist majority in a recount on Tuesday.

Kaskinen alone was left to represent Red rule in Southern and Central Ostrobothnia. The reddest area in Finland is now Häme and Central Finland.

The SKDL is larger than the SDP in seven of the left-wing majority municipalities. These municipalities are Nokia, Dragsfjärd, Karkkila, Kolari, Kemi, Ii, and Haukipudas. Among the Communist-controlled areas, Raasepori came under the control of the non-Socialists.

After these elections there will be 33 municipalities with a balanced representation, in which the Socialists and the non-Socialists have only a one-seat majority. The number of such municipalities which can swing either way decreased slightly.

The newcomers, the Greens outside of the political parties or other nonaligned delegates, hold a new non-Socialist one-seat majority in Vantaa, Riihimäki, Ulvila, Pietarsaari, and Lempiälä. Thus the left wing can in practice obtain a majority in these municipal councils with the help of the Greens or the non-aligned.

A close non-Socialist majority is also dependent on the Rural Party in several municipalities.

Changes of color on the political map occurred primarily in Southern Finland and the majority of changes was the result of changes in mutual power relationships of the Center Party and the Conservative Party.

The Center Party/Liberal People's Party became the largest non-Socialist municipal council faction in 14 new municipalities. While, on the other hand, it lost its position of largest faction in six municipalities, the color map became green in a total of eight new municipalities. Northern and Eastern Finland, Savo, and Ostrobothnia continue to be strong Center Party areas.

Now one blue municipality more than 4 years ago on the map is a sign of Conservative Party success. There are now two more municipalities than in 1980 with a blue-green balance between the Center Party and the Conservative Party.

In addition to Velkua and Kodisjoki, two more white spots appeared on the map when the nonaligned became the largest non-Socialist factions in Kiikola and Aetsä. In Aetsä this faction is made up of former representatives of the municipality of Kiika.

Majority changed in following municipalities:

Left wing gained majority:

1. Kaskinen
2. Uusikaupunki

Left wing lost majority:

3. Vantaa
4. Kerava
5. Järvenpää
6. Hyvinkää
7. Riihimäki
8. Nastola

Left wing gained majority:

Left wing lost majority:

9. Lempaala
10. Pirkkala
11. Turku
12. Kaarina
13. Ulvila
14. Jamsa
15. Raahen
16. Pietarsaari
17. Anjalankoski

Sorsa Looking Toward Greens

Helsinki UUSI SUOMI in Finnish 24 Oct 84 p 2

[Editorial: "Sorsa's Exceptional Interview"]

[Text] In the last public speech prior to the elections SDP Chairman Kalevi Sorsa persuaded Greens to become partner in cooperation with his party in municipal councils. Since the position of prime minister is also in question, who knows that perhaps Greens will also be promised a government post. Indeed, no one believed that the SMP would acquire a position in government before the Social Democrats made this choice...

Sorsa's speech is, of course, only a test balloon. He knows very well that cooperation between parties in municipal councils is determined on a different basis than in national politics. In principle, it is a government of all the parties in the municipalities. In municipal politics those parties which consider themselves to be responsible for the successful management of municipal affairs enter into cooperation.

The left wing is capable of running the affairs of only a very few municipalities by itself. In many instances the conditions have resulted in cooperation between the Social Democrats and the Conservatives. In some definitely bourgeois municipalities, on the other hand, the Center Party and the Conservative Party form the primary framework of decisionmaking. It is essential that the axles in municipal politics are flexible: the number of municipal council positions is primarily determined by the degree to which the Conservative Party is able to affect the development of a municipality. A cooperative framework is most frequently created between the strong parties.

Looked at this from this point of view, the extension of the SDP chairman's hand to the Greens can only be considered as a mental exercise. The Greens can in themselves, indeed, become an active power factor in certain municipalities. However, it is doubtful that they want to become visibly allied with the Social Democrats since the latter, in particular, represent the politics of power and authority disparaged by the Greens.

The Center Party's Paavo Vayrynen or the Conservative Party's Ilkka Suominen did not hasten to offer the hand of cooperation in advance to the Greens in the same manner as Sorsa. Thus, behaving in this manner they have at least honored the conviction expressed by the Greens that there is no reason to form an alliance with any party. Time will tell whether Sorsa will receive a response to his appeal.

In any case, the SDP's chairman has once again turned out to be sensitive to the changing winds. Since "support for the people's democrats seems to be diminishing as the partridge before the end of the world" -- this statement is from an interview published in SUOMEN SOSIALIDEMOKRATTI -- the prime minister is looking for partners in cooperation for the SDP from among the Greens at least in the municipal sector. "It does not seem impossible to me," thinks Sorsa enticingly.

In the same interview the prime minister also presents his most recent view on communications policy. He says that he has read the newspaper's public opinion articles regarding the possible government revision. "These public opinion articles are written in the editorial offices of newspapers with a certain purpose in mind," states the prime minister.

Indeed, a long time has passed since Kalevi Sorsa worked as an editor. This may explain his completely incorrect understanding of the content of today's editorial work. But it could be that there is still such a practice in SUOMEN SOSIALIDEMOKRAATTI. It would be interesting to hear more about this.

But unless the prime minister's understanding depicts the truth even in the SDP press, it would be desirable that an immediate halt be brought to this distortion. In the other event one must come to the conclusion that the SDP leadership has adopted the idea of damaging confidential relations between the people and the press as one of its life's tasks.

Lesson for Parties from Greens

Helsinki UUSI SUOMI in Finnish 24 Oct 84 p 2

[Editorial: "Former Patterns Broken"]

[Text] These municipal elections will go down in history as a humorous event because of their disruptive effect on political rigidity.

Let us welcome the newcomers, the Greens, into the municipal councils as disrupters of the customary routine. They will certainly be unpredictable in their alliances, and the large bourgeois parties need not curry their favor. On the contrary, it is anticipated that a rather large number of the Greens feel an attraction toward cooperation with the left wing.

If this is so, this is the will of the Greens. The next 4 years will be sufficient time to find one's own position.

There is no point in the bourgeoisie being angry with the newcomers. The municipalities have enough matters needing reform, in which a study and even support of the soft views represented by the Greens are valid. If this were not the case, this new direction outside of the parties would not have received as much support as it did.

If there is a desire to give advice to representatives of the "old parties", it would be as follows: Observe the conducts of the Greens, analyze their train of thought, support the new soft social view there where it seems to be genuinely necessary, but consistently oppose the Greens' possible anarchistic and utopian views.

One would think that after this it would be easy for the bourgeois parties, which emphasize individuality, to see that the time of centrally controlled party machineries is over. The municipalities are different and politics in them must be conducted according to local conditions.

The Greens' balance-of-power position is not as decisive as is being argued. The municipalities operate under different principles than national politics. It is doubtful that it will be possible to break away from present majority politics in the 1985--88 election period. The strong and large parties most frequently hold the majority in municipal councils and governments. Thus, for example, the Social Democrats and the Conservatives end up cooperating even unwillingly.

It is doubtful that the large parties will allow themselves to be tactically guided by the Greens.

What will become apparent will be the exploitation of publicity. The decision-making process will be transferred from the council rooms in various directions to the outside. The factions will have to justify their policies directly to the voter more profoundly and in a perceptibly more public manner.

However, the most interesting aspect of the elections is in the national picture. Concealed in the serpentine consequences of the results is the extent of the spiritual defeat the election result inflicted on the Social Democrats.

The Conservative Party arose once again to breath down the necks of the SDP and Kalevi Sorsa. The next government election will take place in two and a half years. The SDP's support is now less than 25 percent, and explanations will not change this fact. The second largest party, the Conservative Party, is only 1.8 percentage points behind.

It is not difficult to see in which direction developments are leading. RKP Chairman Par Stenback even referred on television -- while Prime Minister Sorsa played it down -- to the fact that the position of the present government is rapidly disintegrating.

The chairman of the Conservative Party would have had more of a basis to bring up the government pattern by committee. The situation is now that the SDP, which commands a little less than 25 percent of support, leads Finland with approximately a 75-percent share of the use of power. When this "parliamentary" stage scene falls, someone may remain under it.

Leading Paper Summarizes Results

Helsinki HELSINGIN SANOMAT in Finnish 24 Oct 84 p 2

[Editorial: "Election Result Reminiscent of Time Bomb"]

[Text] The total picture of the municipal elections is traced on the public consciousness slowly. The explanations of the election observers did not clarify it. They did not disclose the defeated, it was too easy to turn a defeat into a preventive victory. Also the multiplicity of comparison made possible the purposeful confusion of results.

The first impressions concerning party support deluded one into thinking that the changes will remain small this time. This understanding is also supported by a consolidation of the whole country's municipal council positions. A more thorough analysis of the election results, however, tells of the existence of tensions testing fundamental positions.

The self-satisfaction and the completeness of power enjoyed by the traditional parties bring forth from the voting public a reaction whose only correct expression is protest. When a million people fail to vote and the Greens as well as one-issue movements are able to force their way through, the alarm should be sounded.

In some municipalities the situation is strikingly reminiscent of the school council and university student body elections, in which the nonaligned gradually swept the parties aside. The old factions cannot expect a recurrence of such an election result without drawing the conclusions required by public reaction.

A correct arrangement of issues, on the one hand, presupposes a recall of the following facts: the Center Party and the Liberals have a full 4,000 council seats in the country, the SDP has 2,800, the Conservative Party 2,400 and the SKDL 1,500 and the RKP as well as the SMP have a full 600 seats each. The seats turned over to the Greens and other newcomers are limited to less than 300.

The definite setback of the left wing, the strengthening of the center, and the slight decline of the right wing do not change the basic majority management of the municipalities to any noteworthy degree. On the other hand, in large population centers, in which the Greens and others made a breakthrough, municipal politics may be faced with uncertain times.

The newcomers may affect the positions and decisions of municipal councils more forcefully than their numbers merit by their ability to weight the balance. In majority decisions the word of the old factions will hold sway and the challengers will certainly force them to examine previous cooperation arrangements.

SDP Chairman Kalevi Sorsa took the advance already before the elections and proceeded to skin the unslain bear. He offered left-wing--SMP cooperation to the Greens in municipalities in which a possibility of such existed. The answer demonstrated that those offering an alternative do not identify with the arrangement so easily.

The undercurrent in this change is also apparent from the many movements that appear to be small. The newcomers have gained a respectable number of positions on the lists of the various parties. More and more women are being elected to council positions. And personnel changes across the board are bringing with them a new thinking, which will acquire a precise outline as the election period progresses.

The question awaits a solution: will the traditional parties be able to learn the language of the newcomers or will the latter gradually become like the environment around them. These are time bombs which will require political insight to defuse.

Greens Advance in Helsinki Area

Helsinki HELSINGIN SANOMAT in Finnish 24 Oct 84 p 2

[Editorial: "Greens Mounted Assault in Helsinki Area"]

[Text] The power structure in the country's municipal politics did not change to any noteworthy degree from the influence of the Greens and other individual factions. However, the Helsinki area is the exception to this fact. Support for the Greens and other factions dedicated to "disclosure actions" did, indeed, increase significantly. Except for the Swedish People's Party, all the traditional parties received a wing from these factions.

Support received by the Greens and the nonaligned in Helsinki, Espoo, and Vantaa is no longer a mere symptom of voter dissatisfaction with the traditional parties. When the Greens accumulated more than 10 percent of the votes together with the nonaligned in Espoo and Helsinki, it is a question of a rather real consequence of growing dissatisfaction.

A significant portion of the area's constituency has changed its idea about the parties' ability to function in accordance with the people's sense of justice and hopes connected with the physical and social environment. This constituency is originally from all the old parties since the dissatisfaction hovering in the atmosphere has not been directed against certain parties but the whole party system. It is this growth base that has created favorable conditions for the phenomenon deviating from traditional politics.

The advance of the Greens and the nonaligned in the Helsinki area forces the parties to deliberate how it will be adapted to the traditional power structures in the future -- or whether it is adaptable, in general. Alternatively, they will have to change the line of their own policies.

By emphasizing their absence of a program the Greens have underscored the central position of individual decisionmaking in the movement. It is difficult for the main parties to predict the voting behavior of this faction in any situation. We are faced with a period of political wooing. This will also have an effect from the point of view of decisionmaking in important committee work, in which the Greens and the nonaligned can make their voice heard.

It is desirable from the point of view of urbanites that these factions independent of parties or outside of present politics will not use their power impulsively. A mere "enlightened Green civic thinking" does not completely meet the hopes voters may have in the Greens. They do not necessarily mean a precisely written party program or strict factional discipline, but a purposeful consistency.

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POLITICAL

FINLAND

PAPERS VIEW KOIVISTO PERFORMANCE, STOCKHOLM MEETING WITH PALME

Results Seen from Visit

Helsinki HELSINGIN SANOMAT in Finnish 9 Jan 85 p 2

[Editorial: "Momentum Subsiding in Gulf of Bothnia Cooperation"]

[Text] Security policy took up most of President Mauno Koivisto's working visit to Sweden on Monday. It predominated in his discussions with Prime Minister Olof Palme as well as with the leaders of Sweden's opposition parties. It was also the subject of press conferences, of which one was exclusively for the Finnish media.

This concentration seems to have produced results. The foreign and security policy discussion between Finland and Sweden will, without a doubt, be conducted more smoothly in the future. Indeed, Koivisto clarified his statements on the submarine incidents in Sweden's territorial waters. Now the Swedes certainly have reason to be satisfied since Koivisto announced that the position of the Swedish Government is the same as his own publicly stated position. Koivisto's reservation with respect to the Harsfjarden incident is in such good taste that even the most vehement Swedish opposition leaders can take their hat off to it along with the Soviet commentator writing under the pen name of Yuriy Komissarov.

Koivisto also discussed another equally sensitive Swedish controversy. After having met with party leaders, he stated that no one has deviated from Sweden's traditional policy of neutrality. The dispute on foreign policy among Sweden's parties in light of such an impression is merely an extension and a new feature of domestic policy along with inflammatory verbal weapons. Now, perhaps, even in Finland one is permitted to decide that it was a question of a lack of due consideration when Palme questioned a moderate foreign policy line. A question of a lack of consideration and next fall's elections.

The old style Soviet cruise missile, a flying wing model, which violated Finnish territory and flew through the NATO-member country of Norway, was kept on the sidelines in Stockholm. The president's obvious displeasure with the inflexibility of the flow of information in Finland will certainly result in the desired improvements, but even otherwise there has already been a desire to shelve the missile.

Foreign Minister Paavo Vayrynen considered that the cruise missile problem had already received final clarification at least with respect to foreign policy during the president's trip. Indeed, Soviet Ambassador Vladimir Sobolev expressed his country's regrets for the violation already on Friday and took care of the diplomatic aspect of the incident in a commendable manner.

Vayrynen's haste, however, requires a question mark. Not all aspects have yet been clarified. In January 1978, 7 years ago, a Soviet nuclear powered reconnaissance satellite plunged into Canadian soil. The more than million dollars in costs incurred by the search and investigation were paid by the Soviet Union, as is stipulated by international agreements on space ships. The costs incurred by a cruise missile escaping over the national border from the Soviet fleet are still an open question.

President Koivisto's New Year's Day proposal to ban long-range cruise missiles received the definite support of Prime Minister Palme, but did not result in joint actions. The issue is now on the agenda of the super powers' foreign ministers' meeting in Geneva.

Over the weekend a representative of the White House issued a statement indicative of the U.S. position on cruise missiles in providing the press with information on the Geneva meeting. According to him, all kinds of cruise missiles in the future will make their own contribution to the serious nuclear intimidation between the super powers.

According to a White House security expert, cruise missiles as well as the defense against them will comprise the nuclear intimidation of the future since the defense system in space envisioned by President Ronald Reagan will not be deployed to act against these missiles at all, but against ballistic missiles.

In light of this background Koivisto's initiative to ban cruise missiles is late. It was also late when one considers Prime Minister Palme's own international proposals since Palme intends to meet with politicians representing five other countries in India at the end of this month. They together will appeal to the super powers for an arms control agreement. Palme has previously presented the same group's intentions to Prime Minister Kalevi Sorsa.

This unofficial meeting in Stockholm has been a good reminder of the continual need of the two neighboring countries to conduct discussions at all levels. Finland and Sweden could clearly benefit from foreign policy coordination, but purely bilateral issues also require repetitive consultations. Not the least of which is the status of the Finnish minority living in Sweden.

Editorial Roundup from Sweden

Helsinki HELSINGIN SANOMAT in Finnish 14 Jan 85 p 15

[Article by Vesa Santavuori: "EXPRESSEN Described Koivisto with Jokes"]

[Text] Stockholm--"A Certain President's Decision Making Agony" writes the Swedish bourgeois evening daily EXPRESSEN in its Sunday supplement about Finnish President Mauno Koivisto.

"Indecisiveness combined with a remarkable ability to think out loud has become a kind of characteristic trait of the people's favorite president," writes EXPRESSEN Editor Calle Hard in pointing out that Koivisto has now been in power for half of his presidential term.

EXPRESSEN seasons its story with a couple Koivisto anecdotes, which are supposedly being told in Finland. The first depicts how "Manu" conducted himself when the minister asked at his wedding: "Do you, Mauno Henrik Koivisto, take this woman to be your wife...?"

"Manu looked at the floor. Then his look wandered to the window. Some more staring at the floor. After a long interval came the answer: 'Must I decide right now?'"

The Swedish paper states that it has heard from "ruling circles in Helsinki" that President Koivisto has "even rationalized his indecisiveness as a method of working".

"He allows many issues to ripen while the decisions ripen by themselves. Applied to boiling an egg, the method could appear as follows:

"'Manu' does not know whether he wants a hard boiled egg or a soft boiled egg. He puts the egg in boiling water. After 5 minutes the problem is resolved. The egg is hard boiled."

"The anecdote is, of course, terribly unjust," adds EXPRESSEN in stating, however, that Mauno Koivisto is not by nature a so-called "power mogul".

Sorsa's Position Has Become Stronger

According to the paper, Koivisto promised before the presidential elections that as far as he is concerned the government and parliament can manage the affairs of the republic while he as president, on the other hand, would be ready to express his opinion on issues if requested to do so. "This election promise he has kept," states EXPRESSEN.

Thus the "neighbor" or the Soviet Union has concentrated its efforts on Prime Minister Kalevi Sorsa. "When the neighbor has something to say, it turns to the Social Democratic prime minister. When Sorsa travels to the Kremlin, he gets a prince's reception. Koivisto's contacts with the Russians are by their nature more formal."

Vayrynen's Minor Speeches

The right-wing paper SVENSKA DAGBLADET, for its part, gave attention in its main article on Sunday to Finnish Foreign Minister Paavo Vayrynen's (Center Party) statements in HUFVUDSTADSBLADET on Swedish and Soviet relations and Finland's attitude toward them.

The newspaper says Vayrynen emphasized that it is not prudent for Finnish decision makers to take a stand on the submarine question. According to the right-

wing newspaper, "there are good arguments for respecting" Vayrynen's cautious stand.

The paper sees Vayrynen's speech as a reproach to those in Finland who have considered the submarine incidents as a symptom of "Swedish hypochondria", among other things.

SVENSKA DAGBLADET is of the opinion that it is not difficult to comprehend at whom the reproaches are directed. It is not mere "small fry" in Finland who have presented speeches critical of Sweden, but individuals in "exceptionally important positions". "In a certain sense, this concerns even that person who is in the most important position in Finnish society," believes the right-wing paper.

President's Low Profile Examined

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 85 p 11

[Article: "Other Papers"]

[Text] Assistant City Manager and Chief Editor Erkki Tuomioja has evaluated Mauno Koivisto's first presidential term, which will soon reach the halfway point, in the newspaper YDIN. The president's own attitude in Tuomioja's opinion will cause the most uncertainty with respect to his reelection. "It could be that he wants to devote his time completely to bicycling and racquet ball, which he seems to really enjoy."

General Outlines of Profile Difficult to Observe

"It was already known in advance that Koivisto's style of managing a high office would differ completely from his predecessor. Koivisto's profile, however, has been even so much lower than expected that sketching general outlines has proven to be difficult. This is a result of the fact that Koivisto's rare and selected outbursts in small issues have received a disproportionate emphasis.

It is doubtful that a reminder of the fallibility of the accuser or even a repetition of it, for example, would have aroused greater attention or at least astonishment if it had not been a question of the only comments made in connection with the judicial system and high-level scandals among otherwise seldom read presidential comments. The president's relationship with the press has also acquired a strange antagonistic stamp.

On the whole, Koivisto's low-profile presidency has been exactly what the restoration of this country's political power and responsibility relations has required after Kekkonen's excessively long presidency. Parliament, the government responsible to it, and officialdom working under their jurisdiction have once again been able to learn to function in the manner stipulated by the constitution and to bear responsibilities in accordance with it. If the result is not yet acceptable to everyone in all respects, it is now possible to promote remedies through normal political processes.

On the other hand, there are issues in which a clear profile and leadership can undeniably be expected and assumed on the part of the president. The constitution unambiguously stipulates that the president is responsible for foreign policy. This does not in itself preclude the welcome activism of the prime minister and the foreign minister or the influence of parliament in foreign policy. It is, however, important that confidence in the president's ability and will to answer for the directions of our foreign policy on the basis of an active and peaceful neutrality does not waver.

An Easy Time from Foreign Policy Point of View

Koivisto's term has been easy from the point of view of foreign policy, writes Tuomioja. The problems are out in the world, from which they can, however, radiate to our immediate vicinity also. Therefore, one can assume an attempt on the part of foreign policy leadership to resolve international conflicts also even though the chances of influencing them are limited, says Tuomioja.

"Koivisto has, nevertheless, been sufficiently active in reproving soothsayers and lemmings, and with good reason. The stand on cruise missiles was also commendably clear. What is strange is that this high office has not in any way interfered in certain articles and written speeches by which officials of the Foreign Ministry's middle level and even highest level have enriched the foreign and military policy debate. Among other things, they have praised the security given to Finland by the balance of nuclear weapons, depreciated a nuclear-free Nordic zone, ridiculed the peace movement, and derided the UKTJ [not further identified]. All this presumably with the blessing of the state secretary, at least if the regulations of the Foreign Ministry have been carried out."

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POLITICAL

NETHERLANDS

SECURITY CHIEF ON COUNTERESPIONAGE, ANTITERRORISM

Rotterdam NRC HANDELSBLAD in Dutch 22 Dec 84, Supplement pp 1-2

[Interview with P. de Haan, director of the Internal Security Service by Harriet Spelberg; date and place not specified]

[Text] The Internal Security Service (BVD) numbers about 700 agents, who are occupied with the business of counterespionage, with battling terrorists and with keeping watch over political extremists. In an exclusive interview, BVD Chief P. de Haan tells among other things how he recruits and pays informants, how many spies were caught in Europe in 1983, and describes the amount of attention the coming papal visit is enjoying. "One must make the choice," he says, "between acquiring relevant information and penetrating as deeply as possible into certain groups." It means working as a "foreign element" within the body of democracy.

For the first time in his career as head of the BVD, Mr Pieter de Haan has complied with a request to give an interview to the free-lance press. In this connection he says: "When I reached my fiftieth birthday this year, I had the feeling that I had begun a new phase of my life. I thought, perhaps now is the moment for once to consent to giving an interview. I have now been head of this service for seven years, and if there is no unexpected development, I shall remain here until my sixtieth birthday, until my retirement. So I have ten good years left; if I keep on saying 'no' to an interview, it may look as if things are happening here that I must be ashamed of.

"Concerning the modus operandi, the ways in which the BVD operates, I shall have to remain silent; neither can I reveal anything about our sources or the names of any organizations, groups or persons in which the BVD is interested; I cannot be specific about any of this. But in general I have nothing to hide. To give an interview I need the consent of the minister of internal affairs, and I did mention to Rietkerk: for once I want to say 'yes' if I am asked about my work."

I am sitting opposite De Haan in his study at the headquarters of the BVD on President Kennedy Street in The Hague. The room is furnished in a quite ordinary business style, with tones of beige. His desk holds only a few tele-

phones and a framed portrait of his wife. Between us, on the low occasional table, the well-known image of the three monkeys--"Hear no evil, see no evil, speak no evil"--attracts my attention momentarily.

De Haan is a tall man, quick and alert in his movements, very self-assured, a man who almost never lets his hair down. His voice is like a newscaster's; he comes close to the intonation of a radio play actor, very articulate, clear and emphatic.

His press secretary, cabinet leader A. Kievits, is present for the interview but remains silent for the most part. The first question concerns the possible infiltration of the BVD into organizations that have awakened the suspicions of the service.

[Answer] It is a widespread misunderstanding that the BVD itself would infiltrate into organizations in which it is interested--that is, into anti-democratic groups or groups dangerous to the government, or into organizations that make use of violence or terrorism. That the BVD never does. The personnel of the BVD do their work right here on Kennedy Street. For a BVD agent to present himself as a member of such a suspect organization would simply not happen. Never. What the BVD does is recruit people who must play a double role, who remain members of the organization to which they already belong, but provide us with information about that organization. So these are not BVD agents, they are not infiltrators; they are informants.

[Question] How do you get the informants?

[Answer] We turn to people in the group whom we know already to be somewhat vacillating, who have become members of such an organization, it is true, but who are not absolutely convinced that they are serving a good cause in this organization. Then again, we do not try to persuade the hardliners to go to work for us, those who would not do so naturally, who would in advance say no.

[Question] How do you get to know the mind-set of these people?

[Answer] By looking closely at their entourage and asking questions. Before we "launch" our agreement with a new informant, we will collect information from his closest entourage in order to know how this man or woman shapes up.

[Question] How much time does it take after that to persuade someone to become an informant?

[Answer] Not very long. Not long at all. With unwilling hounds it is difficult to catch hares. If we must move heaven and earth to persuade someone to cooperate, we don't even start the proceedings. It is either willingly or not at all. Neither must the interaction take on the form of intimidation.

[Question] How do you broach the subject when luring someone to go to work for the BVD?

[Answer] We don't do any luring. We bring no beautiful women onto the scene. We offer potential informants motives and arguments. We ask the people to con-

sider whether the organization to which they belong is really a good organization and whether they might not serve a higher purpose by going to work for us. This is how we start off. If it doesn't work, then it doesn't work.

[Question] What moves these informants?

[Answer] No one is so structured that he has only one reason for behaving as he does. People are such complex creatures. I suppose that there are people out there who, let us say, can see themselves in the role of savior of the fatherland. There will also be people with a certain sense of adventure. Some feel a certain importance perhaps, because they work for the BVD. I hope, however, that the majority of them are doing it for the future of democracy. But if someone works for us in a reliable way, in the final analysis I am not all that concerned about his motivation, to tell you the honest truth. The information about the informant's organization that he subsequently provides for us we do not weigh heavily in itself, or at least not very much; what does count is the durability of his relationship with the BVD.

If someone works for us, he receives a certain amount of money. And don't think that it is hundreds of dollars a month; it is more like dimes than dollars. If monetary reasons are going to get the upper hand, we won't have the right person as an informant. As a rule, money is an impracticable motive. They are not going to get fat on the money they earn from us.

[Question] How much does such an informant receive?

[Answer] The maximum is 250 guilders a month.

[Question] How do you verify the trustworthiness of their information?

[Answer] By checking still more on it, double-checking, triple-checking and quadruple-checking. We will have nothing to do with a single uncorroborated piece of information.

In this it is always a matter of fitting in the pieces of a jigsaw puzzle. Only after patient, systematic puzzling out and searching do you come up with a picture that can be described as detailed enough to have something to go on. Then we sketch such an objectively possible picture of the situation of a given organization and furnish the appropriate authorities with that sketch.

That might be the minister of internal affairs, the minister of justice or the minister of foreign affairs, and then the decision is theirs. With our information we put the government people in a position to take measures, but we do nothing ourselves. The information must then jibe, and therefore we try to have at least several informants in every organization that we are keeping an eye on, so that we can compare the incoming data to see whether it provides internal corroboration. If not, then we ask further questions.

[Question] Do you ever have one informant keep his eye on another?

[Answer] No. One never knows from the other that he is working for us.

[Question] Do you do that on purpose?

[Answer] Yes, of course. But I cannot tell you anything about this.

[Question] An activist who at the same time works for the BVD may make his double-agent status known in his club. How do you avoid that risk?

[Answer] I cannot answer that.

[Question] His club or party may also find out through him that he works for the BVD. Does he then not run any risk?

[Answer] I am not permitted to tell you anything about that.

[Question] To remain in an organization for a long time implies that you also have long-lasting personal contact with members of the group. Is that not a somewhat schizophrenic situation for such an informant?

[Answer] It will indeed be a conflictive situation, yes. I just hope that these are people who can handle such a conflict, under the conviction that they are serving a higher interest than that of the group to which they belong. We had people during the war who knowingly collaborated with the forces of occupation in order to get information about the Germans. That must also have been a schizophrenic situation, but do you condemn it for that reason? I do not condemn our informants, because I am convinced that they purpose they serve is a higher one than that of the organization they belong to.

[Question] The people who approach you joined their group originally out of conviction; then they proceed to betray this group. Do you sometimes hold them in disdain for this?

[Answer] No, no. But I do understand what you mean, the same sort of disdain the Germans had for collaborating Netherlands. Cases have been known where Germans disdained NSBers [National Socialist Movement (now defunct) members]; in their eyes NSBers were only common traitors, that is true. But if you ask me whether I have disdain for informants from organizations who provide us with information about these organizations, I don't think I could say I do. Because we take into our employ, as far as possible, people who believe that they are serving a good cause. In any case, I hope so.

[Question] Not all your informants appear to be trustworthy. A certain John Wood, alias John Gardiner, claimed to have infiltrated segments of the peace movement around Woensdrecht this year, under BVD instructions and also to have incited peace activists to commit crimes of violence, after which he noised abroad the fact that he was a double agent.

[Answer] This Gardiner cannot prove what he claims. He did work for us; he procured information for us, that much I can vouch for. But as for BVD incitement to acts of violence, that he cannot prove. That is absurd. Nonsense. That we never, never do! Gardiner brought in good, trustworthy information on certain scores, but in the final analysis he proved to be untrustworthy.

[Question] How did you know that that information was indeed originally trustworthy?

[Answer] Because several pieces of intelligence from Gardiner were also corroborated through other sources.

[Question] What kind of sources were they, do they belong to the peace movement?

[Answer] Our starting-point is a bit different. We start out not by looking at the peace movement, although we do look at groups that express themselves in ways that conflict with the democratic principles of this nation. As to the fact that those small groups themselves perhaps come off as participating in the peace movement, on that score I have no information, madame; I don't know what they call themselves.

So the sources who find themselves in segments of what people call the peace movement, groups that make use of violence, well, I simply repeat quite emphatically: segments of what people call the peace movement. No, we look at groups that make use of anti-democratic means. The fact that a small group, in itself a danger to the state, claims to belong to the peace movement does concern us to a certain extent. I know terrorists who outfit themselves with posters that have an excessively idealistic ring to them. Each one has some idealistic tale to defend about his activities.

But small groups of people who perpetrate acts of violence operate under the aegis of the peace movement. We may keep an eye on groups that make use of violence. But from that one cannot conclude that the BVD is interested in the peace movement as such. That is nonsense. It doesn't work that way. The BVD never infiltrates; therefore, the BVD does not infiltrate the peace movement.

[Question] Do you read spy mysteries?

[Answer] Rarely. Only John Le Carre. There is a real professional.

[Question] What does James Bond do for you?

[Answer] Before I worked here I used to go sometimes to see a James Bond film, and now I go occasionally at the special request of my children. I have two boys, 13 and 19 years old. But James Bond is a spy, and I am a counterspy. Counterespionage is the most important work of the BVD. Countering espionage is number one, fighting terrorism is number two, and controlling political extremists is number three, in that order.

[Question] What do you find the most amusing aspect of your work?

[Answer] There you're fielding me a term that I have difficulty with. The word "amusing" does not want to cross my lips very easily, for it is serious work, but I do find that the most fascinating aspect of it is the counterespionage. The unmasking of a spy is in itself an exciting experience. It really is.

[Question] What makes unmasking a spy so exciting?

[Answer] It is a game, with an adversary who knows the rules of the game. You are dealing with opponents who understand their profession from the inside out. That makes it difficult, but also interesting. If we have to deal with an agent from one of the great foreign spy services, he makes a fearsome opponent.

In the day-to-day work, of course, you do not generally have dealings with such a service as the KGB, but indeed you do occasionally run into a man or woman who is in the service of the KGB. The man or woman who operates as a spy here is a professional. Last year in Western Europe we caught 147 agents of the Soviet Information Service. They were expelled on grounds of espionage activities. That was a joint effort of the internal security services of the Atlantic Alliance nations. That is no trifle, 147 spies. In this endeavor we contributed our mite.

[Question] How many foreign spies are there at this moment in the Netherlands, as far as you know?

[Answer] There are people in the Netherlands whose daily work is spying. There are also spies in the Netherlands who carry on espionage activities from time to time. You have the big fish and the little fish. If you ask me how many big fish there are in the Netherlands at this time, I should certainly have to say a hundred.

Of course, I'm referring to the professionals. They come from various countries, and among other things they want to get at our state secrets, our defense installations. So they are very dangerous.

[Question] At this time the criminal case against a former secretary of the Red Youth is coming before the court of justice in Amsterdam, and you have been subpoenaed as witnesses in this case. The man is being accused of possession of weapons and explosives, but he claims to be the victim of BVD infiltration. An explosion in his quarters in Amsterdam's Quellijn Street is alleged to be the work of the BVD. What do you have to say to that accusation?

[Answer] Absurd.

[Question] His lawyers seem to have access to substantial proof that this explosion is the work of the BVD. How do they get hold of that information?

[Answer] That I don't know. If you go to the next court session in Amsterdam you may learn how those lawyers set up the proofs in their case.

[Question] What do you think about these people?

[Answer] I make no judgment on them.

[Question] It just about comes down to being judged guilty of an attempt to rub people out. What do you do then?

[Answer] Nothing.

[Question] This does put the BVD in a curious perspective?

[Answer] Of course it does. But you cannot defend yourself against things you have not done. You may, of course, say: I did not do it, but the only thing that I have to say, madame, is that that is absurd. I find your assertions absurd. Just let the lawyers bring their proof. I am delightedly awaiting them.

[Question] Yes, but you have nothing to say before the court. You will plead your right to exemption from responding.

[Answer] Yes. And as long as that works, I shall certainly continue to do it. The only thing I have to say on that subject, I say here and now: It is absurd.

[Question] What have you learned from past mistakes? From the capture of the train by the South Moluccans, for example, which the BVD did not know how to prevent?

[Answer] That we must learn still more effectively to penetrate small terrorist groups. Such a small terrorist group often consists of five or at most ten men. Recruiting an informant from such a small group is very difficult, sometimes impossible. The informant draws attention to himself in such a small group. One is squarely up against a powerful dilemma: the more you penetrate the hard core of such a terrorist group, the more you ultimately get involved with the act of terrorism itself. Our informant, for the sake of preserving his credibility, will have to play the game in planning acts of terrorism or even go through the paces of carrying out the offense itself.

That is a great dilemma. One must choose between obtaining relevant information, which implies as deep as possible a penetration into the nucleus of a given group, on the one hand, and on the other, taking care not to penetrate too deeply, for then your man becomes an accessory to a criminal act, and the BVD itself indirectly becomes an accessory, and that cannot happen.

Something that you do learn better and better as you go along is how to avoid mistakes of judgment. If you receive a hundred or so bits of information--and indeed we were getting such intelligence about possible terrorist activities at the time of the South Moluccan violence--you must determine which information is sufficiently valuable to act on. In this you are apt to make mistakes. You must be capable of selecting only those elements that are relevant. In the beginning I used to regard as pertinent and valid information which afterwards did not turn out to be valid. We have received pieces of intelligence which I found sufficiently valuable to be passed on to the police and which ultimately turned out to be of no value whatsoever. I wouldn't wish the experience on you; just think, when you receive a hundred bits of information about possibly hard and fast terrorist activities, those are things that make you lie awake nights, for sure.

[Question] Can you quickly assess the value of a telephone tip?

[Answer] Yes, in general. Often you recognize it by the kind of story the informant is telling. The account aimed at putting someone else in a bad light,

for example, is almost always doctored up. Emotions play a greater role than facts. Someone who lays a cold, dry fact on the table, on the other hand, we take quite seriously. This man Gardiner originally came to us with a cold, dry fact, stripped of all emotions, and mainly because of that, we pursued it. To make a distinction between facts and emotions is important, in order to be able to distinguish between poetry and truth. The recounting of the facts and the facts themselves must by preference be stripped of emotional content.

[Question] Have any serious terrorist activities occurred during the time you have been working here, from 1977 to the present, which the BVD has been able to prevent?

[Answer] Yes. There were plans to blow up something, of which we had knowledge in time, with the result that those plans were frustrated. We have been able to prevent various planned terrorist actions. There is one entire, concrete case of intended train capture in which, because we had the information in time, we were able to prevent it.

[Question] Did that originate in South Moluccan circles?

[Answer] No, this was another group.

[Question] Some foreign power?

[Answer] Another group. You will get nothing else out of me. The Royal Decree states that I may provide information exclusively to the minister, to the competent authorities. I have signed a statement, as have all of us here, in which we promise to keep secrets to our dying day.

[Question] Is the papal visit occupying your attention?

[Answer] Most definitely. Yes, we are very much occupied with that event at the moment. We will have to ascertain at a very early stage whether there are groups that have designs on the life of the Pope. We can fairly well determine that now from our securely guarded data. We have a reasonably complete awareness of those organizations that would want to threaten the life of the Pope, by virtue of the very reasons for their existence.

[Question] Do you know that?

[Answer] You bet we do! That is what we are here for. If such a group were actually to formulate a plan to gun down the Pope, then we would have to find out that plan in time.

[Question] How many people work for the BVD?

[Answer] In permanent service here at Kennedy Street: 700 men. With that number I find that we are able to do our work properly, with the risk that we might occasionally miss something. That is all in the game. For neither would I want to see a BVD agent standing on every street corner. Then we would have a situation like something from the days of the Second World War. That is precisely what we are not trying to prevent. And it is a dilemma. The work of

the BVD occurs on the margins of democracy. It is a dilemma, in maintaining a democracy, to have a service such as this one which is at the same time a foreign element within the body of a democracy. You must try to find a middle way in all of this. You must be present and at the same time take care that your presence is not so threatening that you yourself become a threat to democracy.

[Question] Do you sometimes have conflicts of conscience?

[Answer] I do have problems of judgment, but no problems of conscience. Why should I have to add them on? Why should I have to add on feelings of guilt? I am not involved in a business that cannot stand the light of day, is is evidently thought by some people. And now it is suggested that we are causing explosions and that we have the patent on mysterious automobile accidents. Absurd. It doesn't work that way.

[Question] Don't you ever get excited?

[Answer] In general I find that one must not let himself go. That serves no purpose at all. It would be a relief, no doubt, but the display of emotions is not very functional.

[Question] There are indeed a few dramatic moments, for example, what if you just heard that a train had been captured?

[Answer] That incident--that was a really big scare. And a source of great dismay for us. Because you have the feeling that you should have been able to prevent that. Then people may rightly say: You have failed, the BVD has failed. Those are not our best moments. But at such a time you must be sure not to show any emotion. Then it is imperative that you pick yourself up by the bootstraps and save what may still be saved. Now on with the interview!

[Question] You make a very cool and collected impression.

[Answer] I am cool and collected. There is only one thing that disturbs me, and that is to have my personal integrity doubted. I become angry if I am not believed or trusted. As to the rest, anyone may say anything against me.

[Question] Has the work changed you, made you any more distrustful?

[Answer] You can't exactly say "distrustful." You must try to sketch as objective a picture of a person or an organization as possible. If you are distrustful, your picture will become clouded. What I do requires a cold, clinical assessment of facts. I try to get my conclusions lined up on a basis of cold, hard facts, not of feelings.

[Question] How exactly did you come to be appointed as director?

[Answer] I come from a family of revenueurs. My father used to work in the revenue service in Doetinchem, and that was where I grew up. It was a foregone conclusion that I, too, would work for the revenue service. I didn't even make an issue of it; it was as if I drank in taxation along with my mother's milk.

Kuipers, the former head of the BVD, was looking for someone with a detective-service background, someone with an inquiring mind. In the revenue service, too, it is basically a question of how far you can encroach upon someone's private affairs in order to serve the general interest, the filling of the coffers of the treasury. Kuipers found that the same qualifications would hold here. The ferreting and burrowing, as it is wont to be called, into private affairs you are expected to carry out with an eye to a greater interest, that of the state of law and democracy. And for that kind of work you get no applause from the public. I didn't get it in revenues, and I don't get it here, either.

[Question] Suppose that you prevent an attempt on the Pope's life. Perhaps next to no one will know about it. Is yours not then a thankless task?

[Answer] What good would it do to bring that out into the open? I don't have to pose as a hero. If we started to shout from the housetops, "Look at us!" that would influence our work in the wrong way. It would make our work impossible. If I am ambitious by nature, I can always derive sufficient satisfaction for my work from the intelligence I provide for the cabinet. That is where I receive my pats on the shoulder. I don't have to look for them out on the street.

8117

CSO: 3614/48

POLITICAL

SPAIN

MINORITY PARTIES EYE POSSIBLE ELECTION SCENARIOS

Madrid YA in Spanish 3 Jan 85 p 7

[Text] This year, all the parliamentary minorities are expanding their plans to participate in the electoral race, in view of the foreseeable events that could affect the president of the government's freedom to dissolve the chambers in advance and call for elections. As the military Epiphany approaches, the Christmas vacations are continuing in most of the ministry departments, with suspense concentrated on the government's next actions. The parties are operating based on the possibility of early general elections or a depletion of the present legislature.

In principle, the hegemonic majority enjoyed by the governing party would discourage an early dissolution of the chambers, which might be viewed negatively by the citizens, who observed in the majority for the change a factor for constitutional stability, considering the brief duration of the first two democratic legislatures. It was the head of the government himself who pledged to complete his term, and perhaps for this reason is now opposing the revamping of the cabinet; which is another typical sign of the weakness of governments without sufficient parliamentary support.

But the unpredictable events abroad also impose their conditions: for example, Spain's emergence from its isolation through the definitive link with NATO and EEC. As we learned yesterday, all the minority parties suspect that the government has two basic working hypotheses regarding the most recent events in the legislature. Those two hypotheses would be to hold elections next fall or during the spring of 1986.

Early Dissolution

The unknown element for this first hypotheses of early dissolution will be cleared up about March of this year, when we find out what is going to happen upon the signing of Spain's entry into the EEC. If, during the Rome summit, Greece maintains its veto for internal election reasons, and Italy does not agree to offer us acceptable terms for the three most sensitive Spanish agricultural products, namely, wine, olive oil and citrus fruit, it would be difficult to comply with the reference date of 1 January 1986 for the integration to go into effect.

Trusting that the French referendum to ratify the entry of Spain and Portugal will be favorable to us, and that other electoral processes in community countries during the new year will not delay the ratification of the treaty on membership by the respective parliaments, if the timetable for integration were to be delayed several months beyond the date that has been set, the head of the government would find it difficult to hold the referendum for Spain's continuation in NATO at the end of February 1986, as he announced in the Congress.

Under these circumstances, the minority parties suspect that Felipe Gonzalez, unable to keep on time one of the commitments in his program for reasons beyond his control, and having had to make a rectification in the issue of NATO, and also in view of the impossibility of keeping the promise to create 800,000 jobs, would address the Spanish people and, explaining external imponderables, would dissolve the chambers and, replacing the referendum with legislative elections, would request confidence for a new term, in which Spain would be kept in the Alliance. Elections would be called for October of this year, coinciding with the Galician ones, so as to conceal a possible electoral setback for PSOE [Spanish Socialist Workers Party] in this region, where the Socialists will hold their congress on 11 and 12 February, in an attempt to surmount their internal divisions.

Exhausting the Term to the Maximum

This working hypothesis, somewhat "in desperation," would take the disunited right of center by surprise; PRD [Democratic Reformist Party], at the height of its formation, and faced with the need to compete with the Right in Galicia, as well as the entire PSOE left, at the height of its recomposition. Not even the "greens," the two communist parties, nor PRD itself, would have had a chance of fulfilling their vote expectations in preliminary elections.

This other working hypothesis, which would be the most favorable one for the ruling party, will also be cleared up in March, when we find out whether Spain can complete in time the negotiations with the Community so that the treaty could go into effect around the reference date (1 January 1986) or a few months later. Although President Gonzalez claims that entry into the Community is a matter of state not subject to conditions involving electoral interests, it is obvious that no party in the government would legitimately resign to make both coincide, since this is an event of such historic magnitude. Precisely because of the supra-partisan scope, all the parliamentary parties are confident that PSOE will not agree to enter the Community at any price that it might later be remembered for.

Now then, a slight delay in the date set would not matter because, with the entry assured on a certain date and on terms that may be assumed as always being subjective, the president might risk calling for the referendum that would ratify Spain's continuation in NATO, which would be, in fact, proposed as a plebiscite on the overall policy of the Socialist government.

Later, the general elections could be moved up, making them coincide with the Andalusian autonomous elections in May of next year, and it would even be possible to hold on time the elections for the 60 deputies who will have to represent Spain in the European Parliament and to legitimately take advantage of the favorable effect for the party in power represented by the simultaneous holding of all those elections, which would virtually prove that Spain had joined Europe.

Then the euphoria of the membership would be experienced without having started suffering from the first negative effects that will necessarily be noted upon the establishment of the value added tax in the 1987 budget. But at the time the elections are held, the anticipated price increases will not yet have occurred.

One proof that PSOE is heading toward this hypothesis is that all the autonomous and municipal budgets, as in this year's general budgets, already contain programs "creating euphoria," which will have to be noticed by the voters throughout this year and in the first of next year's budgets.

Based on this second hypothesis, the opposition would have more time to organize, and there would be more time for a national alternative to reveal itself in the Galician autonomous elections. In any event, integration into the EEC is a deciding factor in the future of this legislature.

2909

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POLITICAL

SPAIN

IGNACIO GALLEGO ADDRESS TO FIFTH PC CENTRAL COMMITTEE PLENUM

Madrid NUEVO RUMBO in Spanish Nov 84 pp 2-7

[Opening speech to the Fifth Plenum of the Central Committee of the Communist Party (PC) by the party's secretary general, Ignacio Gallego; date and place not specified]

[Text] Comrades: We are holding this Central Committee meeting on the eve of the 67th anniversary of the Great Socialist Revolution of October 1917. Its triumph marked the beginning of a new social system with neither exploiters nor exploited, with neither oppressors nor oppressed. We are celebrating this glorious anniversary with public acts, but you will all agree that in inaugurating this Central Committee plenum, it is timely for us to commemorate the first victorious socialist revolution. The finest homage that we can pay to the Great Socialist Revolution of October 1917 is, of course, to defend consistently the ideas of Marx and Lenin, without whom the Russian proletariat would not have been able to achieve victory, thus realizing the dream of the exploited and the oppressed of the land. To pay homage to the October 1917 Socialist Revolution is to appreciate the teachings of the Bolsheviks and to learn from the inspired and living work of Lenin. To pay homage to Red October is to express, with feelings and ideas, solidarity with and gratitude to the Soviet Union, the bastion of peace and of the struggle of peoples for their social and national liberation. To pay homage to the October 1917 Revolution is, for us, to struggle resolutely for the interests of the people by helping our working class and all workers to find the pathway to socialism and communism. This is the purpose of the Central Committee meeting that we are holding.

Comrades, it has not yet been 2 weeks since the marathon debate on the state of the nation, and almost no one remembers it by now.

What remains of an event that the government and the mass media heralded for weeks with great bombast as a virtual political turning point, is merely a bitter aftertaste of empty rhetoric, deceitful chatter, divorced from the real pulse of the nation and from the most serious problems of the workers and our people in general. It is highly

significant that according to the leading opinion polls, the ones that the press reports, only 27 percent of the Spanish people followed the debate with some degree of regularity. No less than 63 percent of the population remained more or less completely indifferent to the debate from the outset. These figures could not speak more eloquently about what the men and women of this country thought of the debate. It was hard not to see from the start that the pompously designated "debate on the state of the nation" was merely a political spectacle. Except for a few isolated speeches, the whole episode ultimately boiled down to a campaign rehearsal at which each party went about sharpening its weapons with an eye towards elections that in principle at least will not be held for another 2 years

Many, of course, might have already been thinking about the upcoming elections in Andalusia and Galicia when they ascended the rostrum in Parliament. In the end, it was like the old saying: Much ado about nothing. All too many forensic thrusts and few if any real answers to the everyday, urgent problems besetting the country.

It would all not be that important, of course, except that events such as these merely help to widen the gap between Parliament and the workers, who quite rightly do not feel and cannot feel represented in an institution whose members raise the problems and anxieties of the people only as weapons to hurl at each other.

Nothing better illustrates the real nature and makeup of the current Parliament than the fact that their calculatedly tense and grandiloquent gestures before the TV cameras become chummy handshakes and winks of complicity in the hallways and back rooms of the chamber.

If there is one lesson to be learned from the debate on the state of the nation, it is that the working class, the workers and broad segments of the masses lack a voice of their own that reliably represents their interests and aspirations in Parliament. A voice that represents and conveys to Parliament with sufficient energy and vigor, the struggles and mobilizations of the workers, the peasant farmers, who are being plundered and increasingly impoverished, of the retired people who are doomed to poverty-level pensions, of the women condemned to under-privileged status and endemic unemployment, of the young people deprived of a present and a future, of the men and women who are struggling for peace and the environment, of all those who, along with the workers, aspire to a better life in which peace, security and human dignity are not constantly threatened by the insatiable interests of the monopolies and the brutal and uncontrollable logic of the capitalist system.

There are two facts about the debate on the state of the nation that we must not fail to emphasize in all their importance. First of all, we cannot fail to speak out against Mr Gonzalez's attempt to take advantage of this debate to wipe the slate clean, disregard the campaign promises he made to the workers and people who voted him into power, and set completely different goals with a view towards the next elections.

All of the deceitful arguments that Mr Gonzalez boastfully advanced throughout the debate cannot conceal the fact that in contrast to his promise to create 800,000 new jobs, 600,000 more citizens have joined the ranks of the unemployed during the 2 years of the Gonzalez administration.

And what can we say about NATO. It is all quite clear now. Ambiguity has given way to a statement of intentions that is as clear as it is cynical. Not only are Gonzalez and his administration not getting us out of NATO, but they have declared themselves to be resolute Atlanticists, supporters of imperialism's main military organization, advocates of involving Spain, to the bitter end, in the warmongering, arms buildup strategy of imperialism and the Reagan administration. Without question, few times in the field of politics can the word irresponsibility be used as accurately and aptly as it can be here; the irresponsibility of a prime minister who has violated the trust that the voters placed in him; the betrayal by a major Socialist party of the Left and of the Spanish people; without involving ourselves in an area that does not affect us and whose full independence we respect, we would even say the betrayal by a leader of his party and its members. A betrayal, in short, of the nation's interests and sovereignty, of the aspirations of peace and nonalignment that the Spanish people have expressed time and again.

As is usually the case with major crimes, the principal has this time as well not hesitated to compound it with treachery and risk. Thus, with consummate scorn for the people who placed their trust in him and fearful of not being able to finish on his own the undertaking of leaving our country "firmly hitched" to the NATO wagon, Mr Gonzalez has not hesitated to propose a "State pact" to the Right to fulfill this mission.

The growing convergence of rightwing programs and the Gonzalez administration's policies has been logically and naturally rounded off by a proposed pact on an issue as crucial to our country's future and security as continued membership in NATO and the resulting full joint responsibility in the bellicose plans of imperialism and the Reagan administration.

No one is fooled by the attempt to differentiate the political and military branches of NATO as an argument to remain in the former. Not only is Spain already taking part in practically all of the so-called military commissions; NATO is by its very nature an indivisibly militaristic organization from start to finish, and involvement in any of its links therefore implies joint responsibility in its dictates and political and military strategy, with all of their consequences.

What the far from edifying spectacle of the debate on the state of the nation will bequeath to history is probably just this: selling out to NATO for a plate of beans.

Let no one think, however, that the story ends here. If by deciding to align Spain openly with the camp of the enemies of international peace and security, Mr Gonzalez helps, on the one side, to aggravate the already inherently delicate and uncertain international situation and make things more difficult for all those who are struggling to dispel the threats of war, then on the other side there will be no lack of new forces, of new and determined men and women who will join the already broad-based movements for peace in our country.

They are unquestionably in the wrong, those who think that through treachery and complacency they can break the resolute determination of the majority of the Spanish people to get our country out of NATO and to make it nonaligned, actively neutral and nationally independent.

The International Situation

Mr Gonzalez's announced decision to keep Spain in NATO, though an extremely grave development in itself, is made even more serious, if that is possible, by the particular juncture in which the world finds itself. With his decision, Felipe Gonzalez has merely added fuel to the fire, a fire that the warmongering Mr Reagan is stoking without pretense and that threatens to turn mankind and the planet earth into a nuclear inferno.

At a time when the U.S. Government is stubbornly insisting on the deployment of missiles on European soil, thus increasing the number of nuclear warheads and, hence, the risk of war; at a time when Washington wants to double its already exorbitant expenditures on arms; at a time when Mr Reagan, in a frenzy of destruction, wants to pursue a "Star Wars" Program and place weapons in outer space; at a time when invasion plans and a resulting massacre hang like a sword of Damocles over the Nicaraguan revolution; at a time when imperialism, betraying its true intentions, turns a deaf ear to the latest Soviet proposals to resume peace and disarmament talks on reasonable terms that could lead to positive results; at a time when in Europe and throughout the world there are increasing appeals and rallies demanding peace; at this crucial and delicate time, Mr Gonzalez, showing a superb sense of timing, has not hesitated to proclaim, to the rejoicing of Atlanticists and warmongers, that Spain must join the ranks of NATO once and for all.

Far from learning from the experience of history, the most reactionary imperialist circles seem to be increasingly intent on finding a military way out of the deep crisis besetting capitalism. The failure of various economic policies to deal consistently with the crisis, the mounting influence and expansion of national liberation movements, the action of the labor movement and of grassroots movements in capitalist Europe and the United States, and the growing authority and influence that the socialist camp is gaining day by day among more and more peoples and geographic areas of the world, all this is forcing the most aggressive and reactionary sectors of big monopoly capital, which cannot accept that the general crisis of capitalism is irreversible, to look to the arms race and war as a desperate response to their historic decline.

The fact is, comrades, that in spite of all the attempts, month after month and year after year, to make us believe that capitalism can overcome its crisis, the crisis continues to worsen, with uncertain results. After each slight cyclical economic recovery, the crisis continues its course, heightening unemployment and poverty among the workers, impoverishing and bankrupting broad segments of peasant farmers and small and medium merchants and businessmen, depriving entire generations of young people of a future and condemning them to despair, intensifying the plunder of the Third World and of dependent capitalist countries like Spain, heightening, in short, all of the contradictions of the capitalist system domestically and internationally. And while these developments take place, the big financiers and monopolists accumulate greater wealth and consolidate their economic might by impoverishing others.

In recent months we have seen another attempt to portray isolated economic developments as a recovery and as an answer to the crisis. It behooves us to analyze these developments, if only briefly, because the idea of an immediate recovery and a way out of the crisis is being used to justify in our country both the overall capitalist recovery policy and the policies contained in the Economic and Social Accord and, in particular, membership in the European Common Market at a time when it is obviously in a financial and institutional crisis.

What truth is there to the much touted rebound of the U.S. economy and the spectacular surge of the dollar?

Certain bourgeois ideologists have not hesitated to describe the economic boom and the rise of the U.S. dollar as short-lived, not to say contrived.

The fact is that over the past year, suspiciously concurrent with the American election campaign, the Reagan administration has injected more than \$1 billion a day of government spending into the weapons industry mainly, as well as to promote the automobile and construction industries in various ways.

The Reagan administration has thus primed the "economic pump," leading to something of a rebound in certain industries but not all, far from it. It is significant in this regard that the investment rate in heavy industry, a bellwether of the system, remains negative.

These other data clearly show that the effects of this contrived policy of increased government spending are beginning to wane; in fact, during the last quarter the U.S. economy grew at a rate of just 5.5 percent, whereas during the early months of the year it was expanding at about a 7.5 percent clip. Many voices are now being heard in the United States denouncing the risks of destabilization that were run for electoral reasons and a policy that has hit bottom. While Boyer and his ilk claim that the U.S. economy ought to drag the other capitalist economies along behind it, the facts demonstrate otherwise. The beneficial impact of the U.S. economic recovery on the exports of other countries

has been more than offset by the extremely grave consequences that the rise of the dollar has had for these nations' economies.

The rise of the dollar, fueled by the high interest rates that the Reagan administration's huge budget deficits and the Federal Reserve Board's highly restrictive monetary policy brought on, has not only made financing more expensive and hampered access to new loans for the countries that need them the most; it has also sharply boosted the price of oil and other raw materials, which, as we well know, have to be paid for in dollars for the most part.

The damage report does not end here, however. The rise of the dollar has hit the countries of the Third World the hardest, as they have seen their dollar-denominated foreign debt and the interest on it increase overnight. The Spanish economy has been hurt by this development too, as its foreign debt and the interest on it have suddenly risen more than 15 percent.

Not only is American capitalism's rebound short-lived; it is also being accomplished at the cost of aggravating the problems (many of them very serious indeed) of a large number of countries.

The political ramifications of this trend are significant. Not only has it created considerable friction in imperialism's top echelon, that is to say, between France, Germany, Japan, etc and the Reagan administration; it has also hastened the steady widening of the generally low-key gap between the United States and most of the governments of the Third World and developing countries. Compounded by the brutal and burdensome arms buildup that the Reagan administration is engaged in and the policy of outright confrontation with socialism that it is pursuing and forcing on its allies, this could unquestionably be conducive to stands and accords that would isolate Reagan and help strengthen the nonaligned movement and the cause of peace and disarmament.

The Malvinas War, the invasion of Grenada and the brutal, systematic political, economic and military aggression that the U.S. Government has been engaged in against Nicaragua's revolutionary government, are recent lessons that the peoples of Latin America and the world will not readily forget.

Comrades, we must turn the aggression against Nicaragua into a boomerang against U.S. imperialism.

As far as we are concerned, and without forgetting the difficult situation besetting other peoples with which we make common cause, we must join with all the truly democratic and progressive forces in our country and spur a wideranging movement of condemnation that holds the Reagan administration and its embassy in Spain accountable for the crimes that it has been committing against the people of Nicaragua and their revolutionary regime.

Those who turn their backs on Nicaragua or who fail to do everything they can to prevent the planned invasion of its soil, deserve to be described today only as accomplices of imperialism. A great deal is at stake in Nicaragua today, and no one can shirk his responsibilities for what might happen there.

The issue of Nicaragua must serve to illustrate clearly to public opinion the true warmongering, aggressive and criminal nature of American imperialism, NATO's principal member, promoter and mainstay. What assurances can be offered by an organization whose ranks include, among many other "merits," the invaders of the Malvinas and the would-be butchers of the Nicaraguan people?

The Domestic Situation

Comrades, I am not going to go into an exhaustive analysis of the political situation in our country, because it is discussed at length in the political platform that represents the main focus of this Central Committee gathering.

Now that I have brought up the debate on the state of the nation and Mr Gonzalez's proclaimed decision to keep our country in NATO, I would only like to refer to another extremely important and timely issue: the AES [Economic and Social Accord].

Comrades, because of all that it means and implies, we cannot overlook this paramount development: the fact that the CCOO [Workers Commissions] has for the first time refused outright to sign a Social Pact and that, in contrast, the Gonzalez administration and the UGT [General Union of Workers], without much pressure we suspect, have signed the AES, along with the CEOE [Spanish Confederation of Business Organizations], the employers group.

In spite of misunderstandings and obvious differences of opinion that we have continually criticized and that there is no reason to conceal, the CCOO has been playing a decisive role, almost by itself recently, in resisting the Left's pro-liquidation efforts and the policy of capitalist reorganization that big capital is pushing with the cooperation, sad but true, of the Gonzalez administration.

The major successes that the CCOO has achieved as a bastion of resistance in this uneven battle prove not only that it has a strong hold among the masses and an ability to rally them; they also illustrate the fundamental role that the working class's union organizations continue to play.

Comrades, I would like to call your attention in particular to the major challenge that the historic step taken by the CCOO represents for us communists and for all combatants of the working class. Now that this great working class organization, to which most of our members belong, has taken a clear and deliberate stand against the offensive

by the Gonzalez administration and big capital, the task before us is to lend proper substance to this policy of resistance, so that we can prevent the "innovators" in its leadership from taking advantage of the absence of a proper approach in this matter to justify a lurch to the right or to pursue a politically dead-end path.

Comrades, our party's leadership sees only one way to prevent such an outcome. The way is to drum up wideranging grassroots support for the CCOO within a political framework conducive to a broad-based policy of social and political alliances around a leftwing platform that calls for the transformation of society. Alone, the CCOO would wind up failing or lapsing into some sort of populism. Therefore, for the good of the CCOO it is more urgent than ever to undertake the revamping of the Left, in which the working class has an essential role.

I would like to dwell for a moment on an issue that illustrates this administration's lack of political will and resolve. I am talking specifically about the issue of the agrarian reform. The struggle of the farm workers led by the SOC and by the CCOO has placed land reform at the hub of peasant farmer grievances.

Until relatively recently the traditional grievance of land reform was regarded as a political anachronism that reflected a failure to adapt to the new realities of Spanish capitalism. The argument went (and still goes) something like this. First, farming and farmers have become relatively less important in the economy at large; next, modern farms, most of which are very large, are capitalist businesses that are fully integrated into the market and are run according to business criteria; lastly, land reform, in the sense of land distribution, is not only politically unnecessary but economically inefficient as well.

Economic development has without question altered the role of farming, and farm production is no doubt capitalist. But does this make land reform unnecessary? We are convinced that it is still necessary to do away with the dominance of the large landowners and of big capital and their upshot of bossism and oppression. The capitalist nature of large farms has not prevented some idle land from being turned into hunting preserves; all that this means is that we have additional reasons for expropriating such land, unless we have been led to believe that "profitability" and capitalist economic "efficiency" are the same as social profitability. To say that capitalist farming exists is tantamount to asserting that social exploitation exists and that the logic of the profit motive will also win out.

Theoretical debates have, of course, always been resolved by mass movements, and the rallies by Andalusian and Extremenian farm workers demanding land have highlighted both the need for and the political timeliness of an agrarian reform.

What are the basic guidelines of the agrarian reform that we communists are proposing?

1. Land reform closely tied to a leftwing program

We communists feel that land reform demands a change in the domestic balance of power as part of an antimonopolistic policy. It is quixotic, if not outright opportunistic to talk about transforming social relations in the countryside without making substantial changes in political and economic power. Credit and the marketing monopolies must be nationalized.

2. Land reform that encompasses the entire country

The social changes that land reform entails demand a comprehensive plan that deals with agriculture at large, both farm workers and the peasant farmers whom the monopolies exploit. An attempt to institute land reform only in areas in which large farms predominate would divide the exploited strata and forestall a policy of agricultural change that would take into account all of the varied circumstances on our farms (tenure, geography, types of crops, etc).

3. Land reform is a nationwide necessity

We should not make the mistake of reducing land reform to a problem of the farm workers and peasant farmers. Agricultural self-sufficiency and an end to the ever-increasing dependency on U.S. food industry multinationals is a nationwide necessity that touches the living conditions of all our people. National independence and land reform are closely linked.

4. Land reform that expropriates large farms

There is no land reform without a real change in tenure. Expropriated land must become State property so that the State can hand it over to farm workers. Given the stage of development of production forces and the very nature of land reform in this period, we feel that the workers ought to band together in production cooperatives, but we will respect whatever view the workers have in this regard. The goal of the new agriculture in service to national interests would be to establish collective farm production units that are mechanized in accordance with social criteria and that incorporate farming and cattle-raising techniques as part of an agroindustrialization policy (as we note in our political platform).

5. Land reform that transforms living conditions in the countryside

The difference between living conditions (health care, education, housing, etc) in the country and in the city has reached an intolerable extreme. Capitalist accumulation has created a completely irrational

population distribution in our country, crowding together huge numbers of people in urban centers, often in subhuman conditions, and leaving vast areas practically uninhabited. The dangers of desertification and wideranging deforestation are closely linked to capitalist growth and accumulation. Consequently, land reform must envisage a comprehensive policy to balance out city and countryside and to overcome underdevelopment in vast farm areas through a more rational use of our lands.

6. Land reform that meets the needs of the peasants

Large estates coexist in our country with numerous clusters of small-plot farming. There are also various kinds of land tenure (sharecropping, leasing, etc) and many medium-sized farms as well. The land reform that we communists are proposing is not directed against these sectors; on the contrary, it seeks to better their living conditions. A consistent policy of farm prices; specific crop management plans tailored to the needs of the population; economic support and affordable loans, in a word, ways of bettering living conditions, these are major aspects of the kind of land reform that is in the interest of farm workers and peasants.

We are standing and will stand shoulder to shoulder with all those who fight for land reform and naturally with the CCOO and the SOC. To those who contend that this is an anachronistic grievance, we reply: the anachronism is the large estates and those who employ technocratic jargon to defend privileges that smack of the Middle Ages. Moreover, we must not forget that monopolies and the government, making use of these monopolies and the multinationals, are implacably exploiting farm workers, wage earners and peasants alike.

Political Gains and Communist Unity

In the 10 short months that our party, the Communist Party of always, has been in existence, having risen again to lend continuity to the glorious tradition of struggle of communists in our country, one obvious fact has come to light that no one can deny. The Communist Party is a structured party today; it is in good health, growing, overcoming its initial difficulties and broadening its political influence all over the country. In spite of shaky finances and the logical problems that arose in the Communist Unity Congress, our party has passed its test of maturity, defying all of the predictions of failure, and is today an irreversible reality that is moving firmly towards its strategic goal of uniting all communists and giving the workers and the people of Spain a great class and revolutionary party.

Without seeking to underestimate the selfless, tenacious and intelligent work of all those who have made this possible, we are not unaware that the basic reason for our accomplishments is that the most advanced segments of the working class realize the urgent need for the combative voice of communism to make itself heard once again in our country.

Those who are incapable of understanding this are showing that there is nothing Leninist about them, that there is nothing Marxist about them, that they have nothing to do with what the workers and the peoples of Spain think and feel.

Unaware of this fact, which has the right wing itself worried, a charming young Eurocommunist leader recently stated emphatically that he would never extend his hand to us, even though he has never refrained from behaving in a kind and reasonable manner with all sorts of rightwingers. Not content with this categorical statement, this individual, whose main merit is that he has achieved the rank of leader, has not hesitated to proclaim from the rooftops, in the finest Francoist tradition, that our party was the result of a foreign operation. He thus showed his true ideological face and his political ignorance, though he might have been thinking more about his own future; at the same time, he revealed the limitations and pettiness of the liquidators within the PCE.

We know and we have always said so, that the crisis and breakdown of Eurocommunism is due to its own ideological and political limitations and to the absence of a proper spot for it in capitalistic Spain today.

Fortunately, growing numbers of communists within the PCE are becoming unmistakably aware of this fact. Growing numbers of those who never allowed themselves to be bewitched by Eurocommunism's siren song have come or are coming to the conclusion that the communist nature of the party cannot be salvaged within the PCE. Both groups are realizing more and more clearly that the Communist Unity Congress and the resurgence of the party's communist nature under the acronym PC were an urgent necessity and have helped decisively to clarify the painful situation we communists have been in and to clear a path into the future.

Realizing all this, the top echelon of the Eurocommunists is resorting to confusion to halt the PC's gains. Thus, while certain experienced leaders pay lip service to the principles of Leninism, of the October Revolution and of proletarian internationalism, proclaiming at the same time that there are very fine communists in our party, the PC, and then adding subtly that in any event the struggle of communists can and must take place only within the PCE, other Eurocommunist leaders are spreading the notion that our party is going to dissolve like a cube of sugar, asserting at the same time that talks are going on with our party's leadership to hammer out a unity accord that of course, according to them, must call for a return to the ranks of the Eurocommunist PCE.

At the same time that they are spreading these rumors, which are inevitably heeded by fools who are more given to cultivating rumors than to rigorous political analysis, Eurocommunist leaders are radicalizing their language, dusting off terms that they have not used in years and, in short, making use of every available recourse for the calculated purpose of halting the expansion of the PC.

But let no one be fooled. This sort of scheming, which we are used to, might momentarily muddle the settling out process among communists, but it cannot, as we are seeing, prevent growing numbers of communists from taking the path to unity based on the principles of communism.

It is not possible to declare oneself an heir to the October Revolution and to its traditions and, at the same time, reject the ideological principles and the internationalist tenets proclaimed by the October revolutionaries and their successors throughout the world. It is not possible to declare oneself an heir to the October Revolution and, at the same time, reject the socialist nature of the regimes that have been inspired by its example. It is not possible to declare oneself an heir to the October Revolution and, at the same time, adopt stands equidistant between imperialism and the socialist camp in a bid to develop a third path between capitalism and socialism, which might harmoniously lead all social classes into paradise but which clearly does not lead to socialism.

As the old saying goes, "actions speak louder than words." Their deceitful rhetoric might still be able to confuse some people, but of course not us because we are immune to this sort of thing. We have our eyes open when it comes to distinguishing the communists who honestly express their views from those others who still stubbornly cling to the same ideological positions that we were forced to oppose, thus giving rise to the Communist Unity Congress and the PC. Our party's leadership has not wasted and will not waste a single minute on the people who still cling deliberately to Eurocommunism. We will not give anyone a chance to calculatedly create confusion by promoting talks that are a waste of time. In the event that our supporters include some of the fools to whom I referred previously, which is hard to believe, I want to clarify that they can rest assured, because neither the party leadership nor I as secretary general have done or ever will do anything outside the scope of the resolutions passed at the Communist Unity Congress.

Nothing is more obvious than the communists' desire for unity. But let's not fool ourselves. It is not enough to hurl words into the air and propose unity as a solution on the basis of the same ideas and conduct that caused the crisis, the breakdown and the split of communism in Spain.

To be a standard-bearer of communist unity, which we will consistently continue to be, demands combating factionalism and opportunism alike. Communist unity is not a slogan or an empty phrase. We are forging this necessary and feasible unity step by step and day by day, but we are not the only ones; others who have not yet joined our ranks are contributing as well; and we are forging it on clear-cut ideological foundations, on the basis of the principles of Marxism-Leninism and of proletarian internationalism. Certain people are trying to manipulate for vote-getting purposes the healthy and sincere desire of thousands

of communists to be united in a great Communist Party. Let them dream, if they will, of a presidential chair or a seat in Parliament. We will struggle for the unity of communists so that the working class and the peoples of Spain have the vanguard force they need, a force that can guide the process of changing society.

At our congress we asserted that the party born of unity was open to all communists, both activists and officials, and to others who might have dropped out or who had not previously been members. We took it for granted that such communists existed and that sooner or later they would take up communist principles. Events have shown that this approach was correct then and still is now. We are pleased that PCE organizations have joined our party, not because it proves and our actions and our words right, but because it will encourage all sincere communists to hoist the banner of unity all the more strongly throughout the length and breadth of our country, in factories, in offices, in universities, in the countryside, in cities and in towns.

It makes no sense at this juncture for PCE leaders to stubbornly insist that unity must be forged under their auspices, as if nothing that has been going on has gotten through their skulls. They use and abuse acronyms and even often disguise their Eurocommunist policies with phraseology tailored to the circumstances. Members of the Communist Party realize that an attempt is being made to deceive them when they are told that the PCE is making a comeback. We should not be surprised that there are still good communists and even leaders who do not yet clearly realize that communist unity hinges on their joining our party. This should help us to realize that arguments, no matter how compelling they might seem to us, are not enough. Our organization must grow, and its influence must spread among the workers to make it increasingly clear that ours is the party that, having recovered our distinguishing traits, is offering the working class and the people policies that can resolve current problems and a blueprint for transforming society, for the struggle for socialism.

Our party has not skimped and will not skimp on efforts to make steady progress towards an understanding with all those who in one way or another tend to agree with the stands set forth at the Communist Congress and who in their own way are already struggling to lay the groundwork so that our unity can be increasingly broad-based and fruitful, with the aim of giving our working class and our people a great Communist Party.

It is becoming increasingly clear to many communists that the party's communist nature cannot be salvaged within the ranks of the PCE. The Eurocommunist leadership of the PCE is marked by dwindling activism and attempts to create political confusion and to destroy the party. No one could possibly be fooled by this opportunistic, dead-end attempt to overcome in a pro-forma and mechanical manner the differences and rivalries within the Eurocommunist leadership. Aside from the momentary

confusion they might cause, such maneuvers will actually help to clear things up for many members and, at the same time, will encourage many communist leaders who are still in the PCE to act more consistently with the goal of uniting communists and recovering the party's communist nature.

The opportunism of the Eurocommunist leaders' latest gestures and statements has been clearly exposed in the light of such specific issues as the Common Market and the pro-referendum boards, which in addition to dividing the peace movement, water down the main goal of getting Spain out of NATO to the mere demand for a referendum. And there are so many other things that highlight the Eurocommunists' lack of an autonomous, working class and grassroots program that is at all different from Social Democrat policies.

Ours is not an easy path, of course. Everyone is aware that the easy thing to do today would be to close ranks and collaborate, to renounce policies that are authentically class-oriented and aimed at transforming society. At least no one can deny that we have taken the difficult road of seeking real solutions to the problems besetting the workers and our people.

This difficult path will enable us to promote the broadest grassroots alliances in the struggle against monopolies, the enemies of peace and the despoilers of the environment; a difficult path that will never earn us congratulations or favors from the "establishment" and that demands a high degree of self-sacrifice; a difficult path that demands courage to face adversity, but the only path that can provide truly effective answers to the problems and sufferings besetting the workers and that can create the conditions for the future attainment of a superior civilization: socialism and communism.

A Leftwing Platform Providing Real Answers to the Problems of the Workers and of All the People

Recovering the communist nature of the party also entails pursuing policies to provide real solutions to the problems of the workers and of our people. Our goal in salvaging the party has nothing to do with creating a space, which others would do, in which we can set ourselves up in the election system and make politics a profession.

In the finest Leninist tradition, we do not see the party as an end in itself, nor as an appendage of the bourgeois State; instead, we see it as an instrument, as an ideal tool by which the working class can organize the defense of its immediate interests and, at the same time, lay the groundwork for socialism. We communists have always been in the front line of the resistance against the enemies of the workers and of the people and against the offensives of big capital and the monopolies, but we have also always been able to go beyond mere resistance and promote the conditions needed to bring about a revolutionary transformation of society. The combination of these

two characteristics, resistance to imperialism and big capital and the spurring of sweeping transformations, is one of the most significant differences between us and the communist who believe in the possibility of reform or who are token leftists.

With the political platform that our party's Central Committee will analyze today after lengthy drafting and debate, our party hopes to provide the struggles that the working class has been waging recently along with other increasingly broad social and grassroots strata, with a framework and a political perspective that will enable them to go beyond mere grievance-oriented, defensive mobilizations and to retake the initiative and a leading political role to counter the offensive that imperialism and big capital are now engaged in.

We will be told that many of the measures that we propose in this platform will be hard to implement given the current balance of power domestically and worldwide. Such difficulties unquestionably exist, and far be it from us to downplay them. But if this is the case, it is no less true that only if these measures are implemented will we be able to begin resolving the extremely serious problems besetting the workers, the peasants, the small and medium businessmen, merchants, the progressive intelligentsia, large segments of professionals, entire graduating classes of young people and millions of women who are culturally and socially underprivileged.

The difficulties involved in putting into practice the measures for change that our platform proposes are unquestionably very substantial, but unless we try to overcome them no matter what the consequences, we will never be able to solve the other difficulties, those plaguing our people.

Ours is not a platform for internal use. It is a platform to be discussed frankly and directly with hundreds and thousands of men and women, a platform to be discussed so that people will come together and understand each other, with contributions from other forces, a platform to further unity of action among all democratic political and social forces that oppose fascism and coups, all nationalistic, anti-monopoly and anti-imperialist forces that are champions of the environment and peace and oppose the arms race and war.

The current rise of the labor movement worldwide and particularly in our country once again confirms the scientific conviction that we communists have always held, namely that the working class is, objectively speaking, the most consistently and resolutely revolutionary class within capitalism. But this uncontestable fact has never prevented us communists from realizing that the working class needs to pursue at all times the broadest and most advanced policy of alliances that it can. During the monopolist and imperialist stage of capitalism, the natural and potential allies of the working class have increased extraordinarily in number. No longer it is just the peasants, but

also major segments of the petty bourgeoisie, increasingly substantial strata of the intelligentsia and of intermediate and high-level professionals who are colliding with the practices and interests of monopoly capital as a direct result of increasing monopolization and the scientific and technological revolution.

The huge growth of production forces as a result of the scientific and technological revolution lays the groundwork for the emergence of new contradictions within capitalism. The arms race and the rapid multiplication of ecological imbalances have raised the consciousness of millions of men and women and especially young people, who are joining the collective struggle and taking a political stand.

As has happened with almost all of the various movements that have sprung up throughout the history of capitalism, the new peace and environmental movements inevitably exhibit some degree of immaturity because of their logical and natural pluralism.

But this is no reason for us communists not to appreciate all of the far-reaching potential for revolutionary change that these new social movements offer.

Our task is to pursue patient and intelligent efforts within these movements while respecting their pluralism. While we help them to overcome their immaturity by giving them a proper historical perspective about change, we communists must also be able to absorb all of the new and positive elements of these movements so as to enrich our own programs and our political culture. We must admit that in many ways these new movements have grasped some of the more recent developments in capitalism before we have.

As Comrade Konstantin Chernenko recently noted in his address to the plenum of the Central Committee of the CPSU, discussing land reclamation and ecological problems in particular:

"In carrying out a vast land reclamation program, we in one way or another invade nature. We must proceed very carefully so that in transforming the land we do not harm it, but instead improve and ennoble it and increase nature's potential. We must all think about tomorrow, not just about today. We will not allow hasty, thoughtless action."

Comrades, I must raise an issue here that is not at all easy to explain to the many men and women of the Left in our country. I am talking about our party's position on Felipe Gonzalez's administration and the PSOE [Spanish Socialist Workers Party].

The policies that Mr Gonzalez and his cabinet have been pursuing in government have been most harshly criticized not only by our party but by other forces as well, including a major segment of the PSOE itself.

At the same time that we have been stressing the need to count on the PSOE to help pursue the nationalist leftwing policy of transforming society that our party advocates, we have also repeatedly argued that we must inevitably pursue a tenacious policy of resistance to the Gonzalez administration's anti-workers, anti-people's rightist policies.

Some might see the difference that we are making between the Gonzalez administration and the PSOE as a mere dialectic ploy.

But there are new developments every day that confirm that the difference really exists and that our analyses are correct. The PSOE's recent conferences have shown that within the party there is a faction that is becoming increasingly independent of the administration and that does not hesitate to clearly repudiate both the Gonzalez administration's economic and social policies and major facets of its foreign policy, its stand on NATO in particular.

In recent documents and declarations by the Socialist Left we have read things that would have been unimaginable just a few months ago. One of these documents not only criticizes the Gonzalez administration for pursuing rightwing policies subject to the limits imposed by the capitalist logic, but also goes so far as to refer to the class struggle, social transformations, the nationalization of the banks, etc. This stand has achieved major backing at the party's pre-congress conferences, and all indications are that it will gain further support; naturally, it has little or nothing to do with the Atlanticist and capitalist reinforcement views that prevail in Felipe Gonzalez's administration. Make no mistake about it. Our main concern is to head off the out-and-out hardline Right. Our criticism of the policies that Felipe Gonzalez's administration is pursuing does not mean that we are mistaking our adversary. The policies of this administration are objectively strengthening the power of the political and economic Right, curtailing our hard-won democratic freedoms and consolidating a constricted, oligarchical model of democracy. Communists and the workers have always consistently struggled for democratic freedoms, to expand and to heighten them; they have struggled for a democracy that will assure sovereignty and national independence, as well as the democratization of machinery of government; in short, they have struggled for a democracy that will liquidate the political and economic power of the big monopolies.

Comrades, the platform that the Central Committee is debating today ought to be a primary means by which our party can take to the streets and provide our activists with the fundamental political tools for effectively and accurately pursuing efforts at agitation, organization and mobilization within their offices, their workplaces, their classrooms, their neighborhood and cultural associations, their labor unions and their peace and environmental movements. This political platform is also a key element in the party's comeback. A comeback by the PC is closely tied to a comeback by the labor and grassroots movement and by the Left in our country. This is what makes what we are doing historically significant, and naturally it points up the difficulties and the challenges that we have to overcome.

One often has the feeling that our party ought to be in practice a sort of "critical conscience," which is the opposite of the PCE. But this much-needed ideological clarification must take place within a communist program proper. The Communist Party must offer communists and our people a specific political strategy that is mindful of the everyday problems of the workers and other low-income segments, that provides an organization that can mobilize wideranging groups for the struggle and that provides specific overall and sectoral solutions. Only in this way will the party regain its role as a vanguard force of the masses and its leadership.

Though I do not wish to analyze experiences that the party has had in its work, I would like to emphasize, albeit briefly, that the anniversary of our October 1934 Revolution was celebrated for the first time since the return of democracy. We should feel proud that the people of Asturias attached such importance to this date, as our communist comrades have demonstrated clearly that we Spanish communists combine the revolutionary traditions of the proletariat and the peoples of Spain with the October 1917 Socialist Revolution in our hearts and minds.

The party's growth necessitates systematic information-related efforts that many do not yet understand. They take it for granted that people know about what was debated and passed at our congress and the subsequent meetings of the Central Committee. Our new members and the communist groups that are joining our ranks have followed the efforts towards unity from the outside, with a greater or lesser degree of interest, but quite a few have gotten inadequate and even distorted and false information. The fact that they are with us today is proof that they did not allow themselves to be misled. It is important, however, for them to understand through party documents the road that we have traveled and the proposals that we have drafted with greater or lesser success. In this way, not only will they be properly informed but they will be able to carry out their ideological, political and organizational work more effectively, winning over people who owing to their feelings and ideas can and should belong to our party. Naturally all of us should feel this concern because our task is to help build the Communist Party that we need and that the working class and our people need. We must understand that ideas acquire physical force when the masses embrace them. Each comrade on the Central Committee must take the policies that we have approved here to the workers and to all grassroots segments of society. Our titles as party leaders are not honorific; they carry a responsibility, a duty not just to the party but to our class and to our country as well. The circumstances demand a great deal of each of us. They demand, above all, unstinting efforts in the great task of building the Communist Party that the working class and the people need. If there is anyone among us who feels overwhelmed by our difficulties, let him reflect seriously on what it means today to salvage the party of Jose Diaz and what it means to be an inseparable part of the international communist movement. We know what we want and for what we are struggling, and nothing and

no one is going to push us off the course that we charted for ourselves at the Communist Unity Congress. We can often learn from the self-sacrificing efforts of so many of our members who after a hard day in the factory, riding a tractor or breaking their backs in the cotton fields, find enough time, perhaps their most useful time, to organize the party, to strengthen its structure or to spend hour after hour distributing NUEVO RUMBO. Each member of this Central Committee must be equal to the tasks that we have to undertake to create new political and economic conditions for our people, to create for them the prospect of a classless society with neither exploiters nor the exploited.

I will conclude, comrades, with a brief comment that I do not think will distract us from our concerns and duties. Elections are being held in Nicaragua tomorrow. In the face of the threats and aggressions of U.S. imperialism, we are certain that the heroic Nicaraguan people will reaffirm their confidence in the Sandinist Front and its representatives at the polls. It will be a great victory for all forces that are struggling for peace and the national and social liberation of peoples.

We know well that once a policy is charted, the important thing is to get the masses to embrace it. All of our efforts should be directed to this end. The immediate objective is to inform as many workers as possible about the resolutions of the Central Committee Plenum. Not a single workplace or school should be without the political platform around which we must conduct a wideranging debate, presenting our arguments and listening to the arguments of others. Through such efforts we will continue to move ahead along the path that we charted for ourselves at the Communist Unity Congress.

We are building a great vanguard party of the masses. We will move forward with this revolutionary task, joined securely to the working class, to the workers and to all grassroots segments of society, firmly and consistently defending their interests, which coincide with the most genuine national interest.

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POLITICAL

SPAIN

TEXT OF FIFTH CENTRAL COMMITTEE PLENUM RESOLUTION

Madrid NUEVO RUMBO in Spanish Nov 84 pp 22-24

[Text] Resolution of the Fifth Plenum of the Central Committee

Because of the new needs of crisis-plagued capital, Social Democratic policies of reform are impossible to pursue. Mitterrand's resounding failure in France during the 1st year of his term, in attempting to pursue traditional Keynesian Social Democratic policies, illustrates well the new realities of capitalism in crisis.

Thus, in the face of the failure of traditional reformist measures, European Social Democratic governments have openly chosen to pursue neoliberal, monetarist policies of adjustment that are in no way substantially different from the ones that Reagan and Thatcher applied initially in their countries. The failure of reformist policies left them with this choice: a policy of gradual structural changes to bolster the leading role of the public sector and to pursue a new economic logic as an answer to the crisis and its grave social consequences, or a policy of adjustment subordinated to the logical needs of capital. Europe's Social Democratic governments opted emphatically for the latter policy, with all its consequences, the one that the Right had been openly calling for since the onset of the crisis.

As with Craxi, Mitterrand, Soares and Mrs Thatcher, the main goal of all Felipe Gonzalez's policies is to further the rebuilding of crisis-plagued capitalism with every means at his disposal and no matter what the cost.

The policy of capitalist rebuilding that the Gonzalez/Boyer administration is pursuing is worsening the working and living conditions of the working class in an alarming way, mortgaging decisive facets of our national sovereignty to imperialism and strengthening the foundations of big capital's real power. By the same token, it is weakening the political and ideological positions of the working class and the grassroots and progressive forces on the whole. The Gonzalez cabinet seeks to justify its rightwing, anti-people's policies by claiming that no others are possible and that the Left's proposals for change are obsolete and unfeasible. Having renounced its platform and its philosophy,

the Gonzalez administration is undeniably pursuing a policy to liquidate the Left and is helping to pave the way for even more forceful action, if that is possible, by the Right and by imperialism. Bereft of a united leftwing force to halt the offensive of capital and imperialism, our country's political pendulum is swinging dangerously to the right, with grave consequences for national interests, the living conditions of the workers and the most progressive accomplishments of the democratic system itself.

While the Right is enjoying an ideological vogue and while the foundation's of its real power are being strengthened (paradoxically, this is happening during the most serious, persistent and unpredictable crisis of the many that capitalism has experienced throughout its history), the Left in our country is retreating, breaking up and losing initiative and political responsiveness. This can be seen most tellingly in the "Social Democratic" rightwing tilt of the leadership and the government of the PSOE [Spanish Socialist Workers Party] and in the rapid political and organizational breakdown of "Eurocommunism." All of these developments create a political vacuum on the Left, which today only the Communist Party (PC) can partly fill, free the hands of big capital and imperialism, the main enemies of the working class and the Spanish people, and seriously jeopardize the immediate interests of the workers and national sovereignty. The consequences for our country's political future could be extremely grave.

Rebuilding the Left: An Urgent Political Task

If anything is crystal clear today, it is the urgent need to create the political conditions for halting the offensive that capitalism and the Right are engaged in in our country, together with the Gonzalez administration's overall policy of capitalist rebuilding. This priority task is at the core of any strategy that aims to gradually and consistently resolve the problem of unemployment and to eradicate the causes of the capitalist crisis itself and its aftermath.

In order to successfully pursue a leftwing policy of change in the immediate future as an alternative to the current policy of capitalist rebuilding, we must today develop a sufficiently broad grassroots reaction to thwart the objectives and the policies of the Gonzalez administration. Only a political reorganization of mass movements and the complete recovery by the working class of its inherent leading social and political role can halt the brutal, advanced offensive by capital and make a qualitative change in our country's political situation.

Immediate Objectives of a Leftwing Policy

Our leftwing policy should be expressed in a platform of basic points that will enable us to reorganize and lead our country's grassroots and progressive forces and movements, which are today fragmented and on the defensive, and to begin filling the extremely serious political

vacuum on the Left that has brought on the breakdown of Eurocommunism and the rightist Social Democratic tilt of the PSOE leadership.

The rebuilding and reorganization of mass movements is the only possible way to counter the ideological and political liquidation of the Left and to head off the serious risks that will arise in the near future from the strengthening of big capital and from the powerful rise of the most reactionary right wing in the environment of crisis and cold war in which we are living.

The task before us now is not to implement an advanced program for a transition to socialism, not even a government program. The priority task of leftwing forces today is much more modest. It is to establish the basic political conditions to halt the policy of capitalist rebuilding that the Right and Social Democracy are pushing, to rearm and to give a political orientation to mass social and political movements and to promote the reorganization and the progressive unity of leftwing forces. Our party does not, of course, envisage or propose these tasks in dissociation from the strategic objective of socialism nor from the medium-term goal of a leftwing government.

The political maturity and responsibility that mass organizations and political fronts are able to develop will largely dictate how successful the Left will be in pursuing its goals step by step.

The Principals in a Leftwing Policy

Our party realizes that a leftwing policy can be supported in the short and medium term by an extremely broad front of social and political forces. On one side of the fence are those who would impose a policy of capitalist rebuilding to cope with the crisis as well as greater subordination to and alignment with imperialism; on the other is the overwhelming majority of our people, who seek to find a democratic, nationalist, change-oriented solution to the crisis of capitalism, a solution that is part of an active defense of peace and nonalignment. The former group obviously includes big financial and monopoly capital and certain privileged interest groups with connections to it; the latter could well encompass all segments of society such as the working class and the peasants, small and medium businessmen and merchants, progressive intellectuals and the great majority of young people, that seek to further their interests and to realize their aspirations, which have been harshly thwarted by the capitalist crisis and monopoly practices, and that seek to find a democratic and nationalist way out of the crisis that capitalism is experiencing in our country.

The aim of a leftwing policy is to give a political voice to this wideranging and complex nationalist and antimonopoly social bloc.

Support for a leftwing policy would thus range from the revolutionary political forces that are working hard to establish socialism to the reformists, including those parties and forces that while not totally

opposed to the capitalist system, represent antimonopolist, nationalist and anti-imperialist interests and are struggling resolutely for peace.

Owing to the grave dangers of a nuclear war that would jeopardize the survival of mankind, the defense of peace has become a cause for mobilization among wideranging segments of society, including communists and progressive forces in general, among which the Catholics committed to the emancipating struggles of our people are playing a prominent role.

The new and active social movements (peace, environmental, women's, young people) are broadening the Left's traditional political and cultural fronts and, independent of their greater or lesser influence and certain contradictions that some of them still exhibit, they are helping to enrich the Left's programs and political culture and to provide new opportunities for mobilizations that are undeniably improving the prospects of the working class's struggles for change and for the attainment of socialism itself.

Our party feels that the clarification of ideological and political positions that is taking place within the PSOE is of the utmost importance for the development of a leftwing policy.

Aside from the ideology of the Gonzalez administration and the rightist policies that it is pursuing, our party, while not unaware of the differences between us, feels that by tradition and based on the ideological background of most of its members, the PSOE is still one of the main parties of the Left.

There are real opportunities today for cooperation with increasingly important segments of the PSOE in promoting specific aspects of a leftwing policy, and there are no indications that there will not be more such opportunities in the future.

Moreover, our ideological and political differences with the Eurocommunist PCE [Spanish Communist Party] are not an obstacle to cooperation with it either. Indeed, we are willing to work together with all groups that want to struggle for peace, for the social and national grievances of the peoples of Spain and for the planks in a leftwing political platform.

We are not unaware of the various difficulties hampering leftwing unity today. Far from discouraging us, however, they ought to prompt us to reaffirm our political proposals, starting from the premise that political unity on the Left will be a complex process of steady, partial gains in developing common ground for joint action on specific and often minor issues.

Pillars of a Nationalist Leftwing Policy to Transform Society

In view of the above ideas, our party, the Communist Party feels that the following are the pillars of a leftwing policy today, a policy that can provide real solutions for our people's problems:

--Defense of national sovereignty, for independence, peace and solidarity among peoples. Spain out of NATO!

The defense of national sovereignty and the struggle for peace converge around these grievances in our country:

--Spain's withdrawal from NATO;

--The dismantling of American bases;

--No nuclear weapons on Spanish soil;

--A policy of active neutrality and nonalignment.

These grievances are already deeply rooted in the consciousness of the social majority, though paradoxically this majority is not reflected in Parliament, and they are in the forefront of a program for the unity and rebuilding of leftwing forces. Hence, one of the main tasks for communists in the immediate future is active involvement in the development of a unified movement for peace that, along with the working class's political and union struggle, will inject new vitality into mass movements in our country and further the struggle of peoples for peace, disarmament and the gradual, simultaneous and negotiated dissolution of military blocs.

Membership in the Common Market is a key element in the steady incorporation of Spain's economy into the imperialist network, at whose summit sits U.S. imperialism.

Therefore, the Communist Party declares itself resolutely opposed to Spain's membership in the Common Market and demands that the government:

--Immediately halt the membership process that is under way;

--Begin a wideranging, serious nationwide debate on the costs of Spanish membership in the EEC, culminating in a referendum;

--Pursue a nationalist policy aimed at expanding and diversifying our country's foreign markets.

Maintaining and Creating Jobs

The Communist Party proposes three courses of action to attack unemployment and to cope with its direct consequences:

--The first is to relieve the hardship of the jobless and consists of extending unemployment insurance to all people without jobs and making the minimum benefit equivalent to the minimum interprofessional wage.

--The second course of action against unemployment is to maintain existing jobs. In this regard, the Communist Party proposes: a) Strict control over the policy of indiscriminate elimination of jobs that capital is promoting; b) A commitment from the government to implement a comprehensive economic development plan spurred by the public sector and to create, as part of it, at least as many jobs as are destroyed by private capital as a result of the crisis and "new technologies."

--The third course of action aims at full employment by creating enough jobs to reemploy today's jobless and to absorb the younger generations that are entering the labor market for the first time.

To achieve this objective, the Communist Party feels that point b) in the above paragraph should be complemented by a series of social and labor reforms aimed at redistributing existing jobs by reducing each worker's number of overall hours. Lowering the retirement age to 60, cutting the work week to 35 hours and lengthening vacation time to 39 working days a year, plus making education compulsory to age 18, are the main steps that can be taken to redistribute jobs.

Nationalization of the Banks and the Energy Sector, and Land Reform

The banks must be nationalized in order to:

--Undermine the power of big financial capital, strengthen the government's economic power and enhance government's ability to intervene;

--End loan discrimination against small and medium businessmen and merchants and peasant farmers;

--Tear down the barrier represented by present-day financial interests to provide a nationalist, change-oriented solution to the crisis.

Land reform is another policy that must be pursued to alter the socio-political balance of power in our country and to provide a consistent solution to the serious problems besetting farm workers in Andalusia and Extremadura as well as all small and medium farmers throughout Spain. At the same time, land reform is indispensable to correct the serious shortcomings in our farm production structure and, as a result, this sector's overseas trade imbalance.

The land reform that our party proposes calls for a strong government role. In coordination with the comprehensive economic development program, it seeks to:

Undermine the foundations of the real power of landowners and big financial and monopoly capital in the countryside, by expropriating and nationalizing all of the largest estates; improve living conditions and bolster the position of farm workers and the lower classes, whom our party will defend and who will become the beneficial users of the nationalized lands under a system of cooperatives, thus meeting the age-old grievance of "the land for those who work it."

In the areas in which small and medium-sized farms predominate, the government should promote and give financial support to the formation and growth of integrated production, processing and marketing cooperatives, in close and democratic cooperation with peasant farmers.

Mr Boyer is currently engaged in a veritable counterreform in tax and government spending policy. The steady democratization and intensification of tax and government spending reform is one of the keys to providing the government with enough funds to pursue leftwing policies and make headway with a progressive, nationalistic, change-oriented solution to the crisis and unemployment.

Reconversion of Military Industries and Rechanneling Arms Expenditures

The huge and burdensome increase in government military spending cannot be divorced from the Atlanticist, imperialist-dependent defense model that big capital in Spain and the Gonzalez administration has adopted

Instead of this aggressive, dependent defense option, the Communist Party advocates a nationalist defense model based on the "resistant mobilization of the entire Spanish nation" and on the principle of "defense in depth" [resistencia de profundidad territorial].

In addition to preserving national sovereignty and to being consistent with the policy of active neutrality and nonalignment that our party advocates, this defense model is considerably less expensive than the one that the Gonzalez administration has adopted and will ultimately put an end to rising arms expenditures, thus enabling much of the money to be used for civilian purposes.

Democratic Reform of Government and the Defense and Expansion of Freedoms

Countering those who argue that the democratic transition has come to an end, the Communist Party considers it urgently necessary to recommence the democratic reform of government under a phased-in program of change. The goals of this program of change will be to fully democratize, debureaucratize and improve the efficiency of government offices and agencies, thus culminating the still pending democratic reform of government.

The current Electoral Law must be democratically and progressively reformed by abolishing the five percent barrier, correcting the unequal representation that gives greater weight to rural and less populated

areas at the expense of urban industrial areas, and by abolishing the regulations under which the government mass media discriminate against smaller parties during election campaigns. Such a reform is essential to making Parliament a fully democratic and representative institution and to insuring the freedom and the right of all civic groups to argue their points of views and to participate actively in democratic institutions.

In the face of the grave threats that the worsening crisis and the intensification of the cold war entail for the freedoms and rights of peoples and for the very future of democracy, the Communist Party considers it vitally important to promote consciousness-raising and mobilization in defense of freedoms.

The invariable response to any threat to or curtailment of such freedoms, no matter how minor, must be to speak out and to mobilize.

Maintaining and Improving Social Security Services and Benefits

We must urgently put together a wideranging mass movement to both defend present benefits and to call for their substantial expansion and improvement. First, we must demand that the government allocate enough additional funds to expand social infrastructure, services and benefits.

The administration's announced plan to reduce pensions drastically and to reprivatize some Social Security benefits must be resolutely opposed by all of the affected low-income sectors.

At the same time, we must wage a resolute struggle in demanding Social Security reform, an expansion and improvement of its services and the straightening out of its finances, which are being eaten up today by huge, uncontrolled "black holes."

The Federal State: a Necessary and Ideal Framework for Peaceful and Democratic Coexistence Among the Peoples of Spain

In contrast to the neocentralist, conflict-ridden, unworkable and burdensome State of autonomies that Spain has at present, the Communist Party advocates the unconditional recognition of the principle of self-determination as a first essential step towards the full exercise of the right of sovereignty of the peoples of Spain.

The PC maintains that only through such recognition and within a federal State, which the peoples of Spain are free to join or not, can current tensions be overcome and peaceful coexistence guaranteed. Owing to the complex and uneven economic, social and cultural development of Spanish capitalism and to the political conditions under which it has taken place, there are major differences in the problems and the personalities of each of the nationalities and regions, not to mention the separate native languages of Catalonia, the Basque Country

and Galicia. These distinguishing traits cannot be glossed over with a partial and undifferentiated administrative decentralization. The real answer here is broad decision-making latitude as to territorial organization and on all of the issues peculiar to each community. Such latitude will help to make the union of all the peoples of Spain stronger and more sought-after.

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POLITICAL

SWEDEN

TWO POLLS REGISTER LARGE LOSS FOR SOCIALIST PARTY

DN-IMU Poll: Four Percent Drop

Stockholm DAGENS NYHETER in Swedish 23 Dec 84 p 6

[Article by Dick Ljungberg]

[Text] The Social Democrats are down by 4 percent, while the small parties outside Parliament are advancing, and there is a record number of undecided voters. This unrest among the voters is shown by the voter poll for December that was conducted by DAGENS NYHETER and the IMU [Institute for Market Research].

The three nonsocialist parties in Parliament are again larger than the Social Democratic Party [SDP]. The nonsocialists are supported by 47.5 percent of the voters, and if the KDS [Christian Democratic Union] is added in, their support rises to a full 50.5 percent. The SDP and the VPK [Left Party-Communists] combined have 45.0 percent.

In the previous survey--in October--the nonsocialists had a slight lead, but only with the help of KDS voters.

The current survey was conducted during the period between 12 November and 5 December, and 900 people were interviewed. None of the changes since October is statistically reliable.

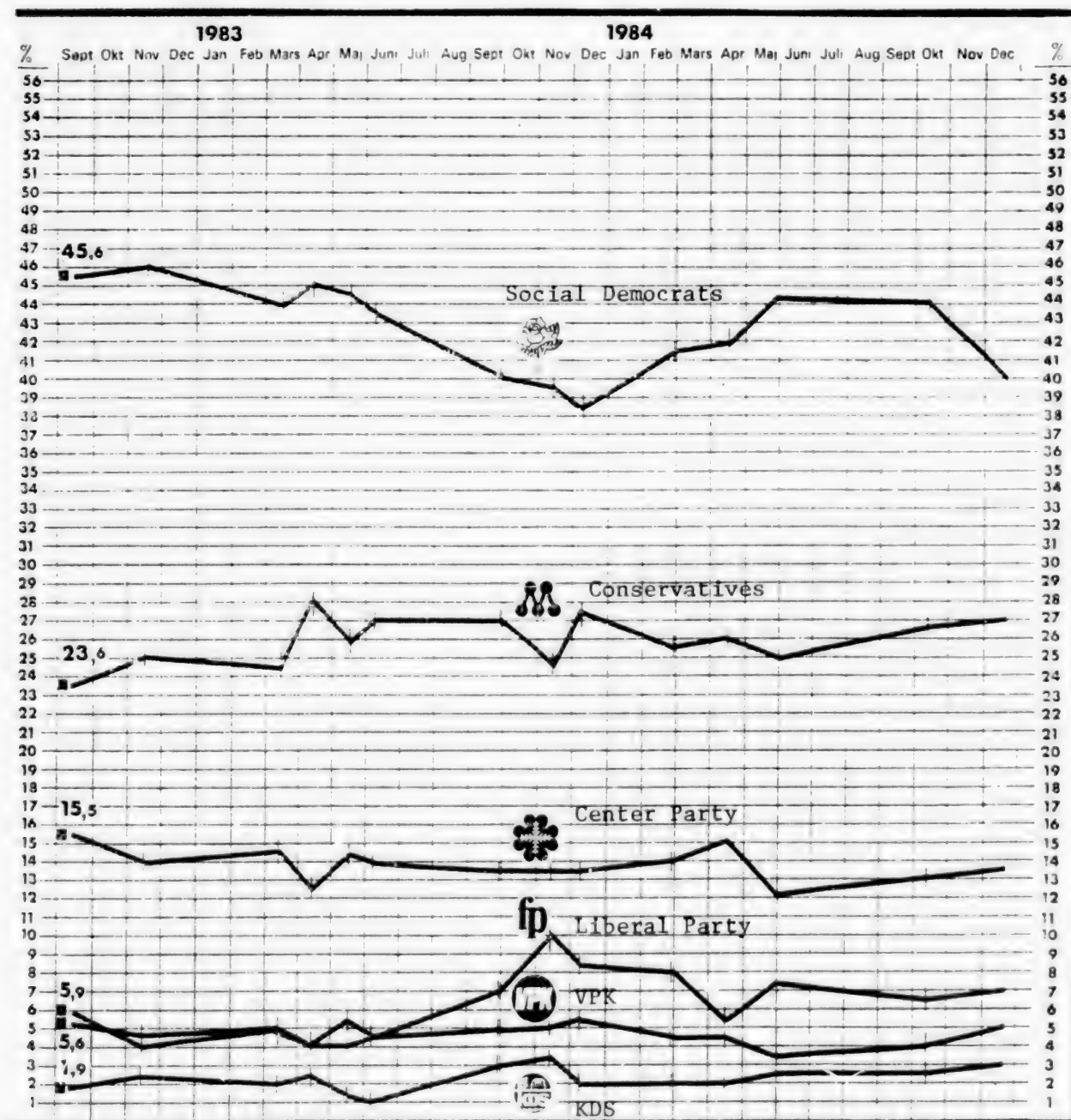
The results in December: Social Democrats: 40.0 percent (-4.0); Conservatives: 27.0 percent (+0.5); Center Party: 13.5 percent (+0.5); Liberal Party: 7.0 percent (+0.5); VPK: 5.0 percent (+1.0); Environment Party: 4.0 percent (+1.0); and KDS: 3.0 percent (+0.5).

The number of undecided voters--6.5 percent--is the highest ever recorded by the IMU. The figure was 4.0 percent in October, and last summer it was 3.0 percent.

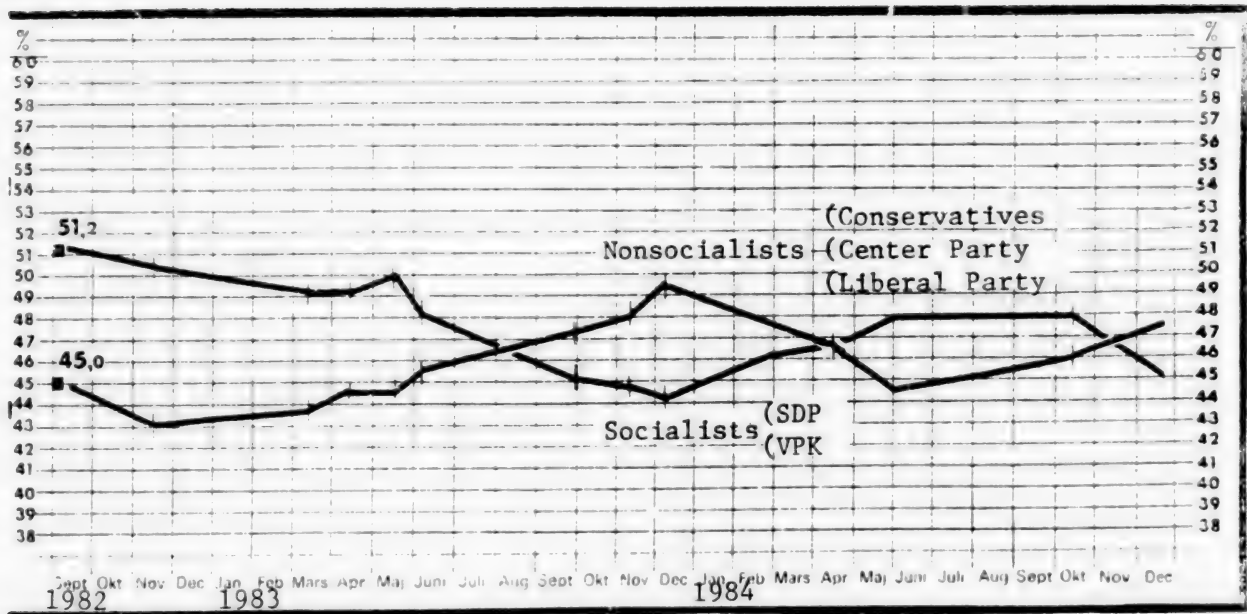
Tough Going for SDP

The Social Democrats are having a rough time of it. Between the 1982 election and the fall of 1983, they went through a marked decline followed by recovery

IMU Voter Barometer: September 1982 Through December 1984



Movement Between Blocs



KDS votes are not included in the total figures for the non-socialist parties. If the KDS is added in, the figure for the nonsocialist bloc totals 50.5 percent.

and stabilization. Whether their 4-percent drop to 40 percent is temporary or not remains to be seen as we enter election year, but it also shows up in the recent poll by the SCB [Central Bureau of Statistics], among others. According to the SCB's poll, the SDP would have received about 41.7 percent of the vote if there had been an election in November.

The IMU also reports a long-term trend, which is a moving average for the last seven polls that reduces the effect of temporary gains and losses.

In the long-term trend, the Social Democrats stand at 41.4 percent in December--a level they have maintained almost the entire year. Before the 1982 election, the Social Democrats were at about 47 percent in the long-term trend. Their election result was 45.6 percent.

Conservatives up

The Conservatives show an increase again, although by barely 0.5 percent to 27 percent. The Conservatives are at 26.2 percent in the long-term trend, and they have stayed at that level for most of the year. In the 1982 election, they received 23.6 percent of the vote, and that corresponded almost exactly to their position in the long-term trend at the time. Their progress has therefore been considerable, and this is also confirmed by the SCB.

Voter Opinion

Party preference	December	October	June	Long-term trend:
	1984	1984	1984	December
Social Democrats	40.0%	44.0%	44.5%	41.4%
Conservatives	27.0	26.5	25.0	26.2
Center Party	13.5	13.0	12.0	13.5
Liberal Party	7.0	6.5	7.5	7.6
VPK	5.0	4.0	3.5	4.2
KDS	3.0	2.5	2.5	2.5
Environment Party	4.0	3.0	3.0	3.1
Other	0.5	0.5	1.5	-
Unwilling or unable to state party preference	6.5	4.0	3.0	-
Number of interviews	900	871	936	

The most important change in this voter poll compared to the IMU polls immediately preceding it concerns the SDP, which is down by 4 points. The drop is not statistically reliable. But the party's long-term trend is clearly below the corresponding value before the 1982 election.

Another very obvious difference is the sharp increase in the number of uncertain voters: 6.5 percent is the highest value ever recorded by the IMU. That uncertainty probably also influences the increase for the Environment Party and the KDS.

The poll was conducted using a nationwide probability sample of Swedish citizens between the ages of 18 and 74. The interviews were conducted during house visits. The question asked was this: "Which party do you think is best?" Party preference was expressed by the use of "ballots" and "ballot envelopes."

The Center Party has toiled up by 0.5 percent to 13.5 percent, which is also the party's exact figure in the long-term trend. Immediately after the 1982 election, the Center Party stood at about 12 percent in the long-term trend, but it won 15.5 percent in the election following a fine spurt in the final stretch by Thorbjorn Falldin.

KDS Delight

The Center Party and the KDS--that is, that portion of the center that cooperates in election campaigns--would therefore get a combined total of 16.5 percent, or 1 percent more than the Center Party's election result. The KDS, which has stayed constantly at around 2.5 percent, can be delighted at its small advance to 3 percent.

In the long-term trend, the KDS has gone from 2.2 to 2.5 percent this year. Joint election campaign efforts have therefore not brought any dramatic improvements for the KDS, which received 1.7 percent of the vote in the 1982 election.

The Liberal Party is up by 0.5 percent to 7.0 percent. The party has bounced slightly up and down in the polls, but has risen steadily in the long-term trend since Bengt Westerberg became the new party chairman in the fall of 1982. At that time, the party stood at 5.0 percent in the long-term trend, but it is now up to 7.6 percent. In the election disaster of 1982, the Liberal Party received 5.9 percent of the vote.

Environment Party

The VPK is back up to 5 percent after a gain of 1 percent. In the long-term trend, the VPK stands at 4.6 percent, which represents a setback since the start of 1984, when its figure was 4.9 percent. The VPK received 5.6 percent of the vote in the 1982 election.

There remains the Environment Party, which according to the IMU would be able to enter Parliament under its own steam. But caution! The same was true before the 1982 election, but the Environment Party wound up with only 1.7 percent of the vote.

Protest Against Taxes, Unemployment

Stockholm DAGENS NYHETER in Swedish 23 Dec 84 p 6

[Commentary by Sven Svensson: "Party Switchers Must Be Enticed Back"]

[Text] Social Democratic voters are protesting loudly against the high-tax policy and high unemployment. The figure for Social Democratic sympathizers in the IMU poll is uniquely low.

The number of undecided voters has risen to a record 6.5 percent, and Sweden's only real protest party--the Environment Party--is up from 3 to 4 percent.

With the nonsocialist parties and the KDS combined accounting for over 50 percent of voter sympathies--and even more in other public opinion polls--the situation is getting rough for the Social Democratic government.

Some party strategists consider the race over, but Olof Palme himself is the true optimist.

During the 9 months remaining until election day, the fight for control of the government will consist mainly of mobilizing hesitant sympathizers and trying to entice back those who have switched parties in the public opinion polls.

For the Social Democrats, it will be a vital necessity to persuade its fleeing voters that despite everything, the party is the best one for managing Swedish security policy, unemployment policy, and the redistribution policy.

The situation may not be completely hopeless, even if time is beginning to run out. It is easy to change parties in the public opinion polls, but old party loyalties assert themselves at the polling booth.

A general thesis has it that at least half of the voters who respond to public opinion polls by choosing a "best party" other than the one they voted for last will "come home" in the election itself.

But it is certainly true that the Social Democrats have done a great deal to try the patience of their sympathizers. Since the new government took office, over 70 taxes have been increased. Despite the promise of more elbow room instead of belt-tightening, the citizens have had to pull in their belts by another notch or two during 1984.

Moreover, several of the government bills submitted to Parliament were poorly drawn up and lacking in firm support. The bill on discontinued widows' pensions had to be withdrawn from Parliament, as did the law on driving under the influence of alcohol. Kjell-Olof Feldt got his knuckles rapped in connection with the wage earner funds when the highest judicial authorities ruled that stock investments had to be public. Sten Andersson got a box on the ears for the "baby fee" bill.

Perhaps the top prize in all categories was won by the complicated real estate tax, which even the Ministry of Housing could not figure out. Taxes are a provocation to large numbers of Social Democratic voters. Many homeowners, especially in the big city areas, feel that they are being reduced to rags by all the higher taxes.

With the Social Democrats having hit an obvious slump in the opinion polls and in credibility as a result of their own policies, it ought to be like Christmas Eve for the nonsocialists.

But that is not the way it is. With the upper middle class demanding more private consumption and greater personal freedom, the Conservatives are certainly moving straight ahead, but the Center Party has lost ground since the 1982 election, and the Liberal Party is still an uncertain card. Instead, it is the Environment Party and the "abstention party" that are reaping success.

There is also the fact that the nonsocialist opposition's policy is based mainly on naysaying. It is true that in Parliament, the nonsocialists have demonstrated agreement on economic development in both the short and the long term, but their chief election number consists of saying no to the real estate tax and no to the wage earner funds, presenting a hodgepodge of views in the area of family policy, and making vague promises about cutbacks in the national budget.

In general, the distribution of voters between the political blocs is determined quite early during the period between elections. But the same is not true of the distribution of voters among the three nonsocialist parties. In many cases, people do not decide how they are going to vote until the morning of the election.

An advantage in the competition for nonsocialist voters is enjoyed by the party whose leader stands out as the most credible Palme slayer.

For the Liberal Party, which has long tried to build a bridge between the blocs, this has been a handicap ever since Bertil Ohlin departed. At first, Gunnar Hedlund attracted hesitant Liberal Party voters in the very final stretches, but then came the green wave, and Thorbjorn Falldin thereupon became the obvious nonsocialist candidate for prime minister.

In 1968 and in every election since then, based on public opinion polls, the Liberal Party has lost voters during the final stretch of the campaign, while the Center Party has picked up voters.

As the 1985 election approaches, there is a new situation. The Conservatives stand out as the clearly dominant nonsocialist party, and the middle parties may not even win as many votes together as the Conservatives.

The question is how well Conservative Party leader Ulf Adelsohn will appeal to the more indistinct nonsocialist voters. He will probably do well among young people, but it is more doubtful whether older voters will see him as a credible commander of the nonsocialist forces.

Olof Palme is in a key position as far as the choice of a nonsocialist candidate for prime minister is concerned. If Palme decides this time to conduct his final debates with Adelsohn rather than, as before, with Falldin, it may mean a big advantage for the Conservatives, since Falldin has always picked up a couple of percentage points in his final debates with Palme.

Regardless of whether it is Adelsohn or Falldin who participates in the debate between party leaders with Palme, experience indicates that the Center Party will play a part in the final turn of events. Falldin's authority and the Center Party's cooperation in the campaign with the KDS are guarantees of that.

In this new situation involving Adelsohn, the Liberal Party may be in an even more critical spot. In the call to battle between Adelsohn and Palme, Bengt Westerberg is liable to wind up in the background, and in the battle to attract the more undecided nonsocialist voters, the crucial choice may come to be between Adelsohn and Falldin.

Liberal Paper Comments

Stockholm DAGENS NYHETER in Swedish 23 Dec 84 p 2

[Editorial: "SDP Getting the Worst of it"]

[Text] The position of the Social Democrats is just as precarious in the IMU poll being published in today's DAGENS NYHETER as it was in last week's SCB poll. The long-term trend still shows a low 41.4 percent--clearly below what it was before the 1982 election.

As was true in the SCB poll, the number of people declining to state their party preference is markedly up. This is an indication that the SDP's difficulties are due in large part to the fact that disappointed voters are inclined at the moment to abstain from voting.

The nonsocialist parties have the advantage even without adding KDS sympathizers to their number. Even if the Social Democrats succeeded in mobilizing their former voters, it might be difficult to get nonsocialist sympathizers to change sides at the same time. But that is what is needed for an election victory.

The pattern would be disturbed if the Environment Party's 4 percent (according to the IMU poll) held firm in the election. But the party's long-term trend is still just over 3 percent, and other public opinion institutes give even lower figures.

What will probably happen, as it has so many times before, is that there will be an equal contest between the blocs in September 1985.

SvD-SIFO Poll: Record Low Support

Stockholm SVENSKA DAGBLADET in Swedish 27 Dec 84 p 1

[Text] Nearly 400,000 of those who voted for the Social Democrats in 1982 no longer name the SDP as their preferred party. About 250,000 have switched to one of the nonsocialist parties, while the rest are independent.

This is shown by an analysis of the most recent voter barometers published by SVENSKA DAGBLADET and SIFO [Swedish Institute for Public Opinion Polls].

In the SVENSKA DAGBLADET-SIFO voter barometer for December, the SDP continued its decline, winding up with 39 percent--its second lowest figure ever. The Conservatives and the Liberal Party are continuing to grow. The number of undecided voters is 8 percent--the highest figure in 17 years of SIFO polls.

The voter barometer gives the SDP 39 percent of the vote among those naming a preferred party. This is a drop of 1.5 percent since November.

The Conservatives have 70 percent (+0.5 percent), the Center Party and KDS 14.5 percent (-1.0 percent), the Liberal Party 10.5 percent (+1.5 percent), the VPK 6.0 percent (+1.0 percent), and all other parties 1.0 percent (-1.0 percent).

The entire decrease for the center parties is accounted for by the KDS, which went from 3.5 to 2.5 percent.

The quarterly report shows that the Social Democrats are losing younger members of the LO [Swedish Federation of Trade Unions] in particular.

The nonsocialist parties now have 34 percent, compared to 45 percent for the Social Democrats and the VPK, with scarcely 9 months remaining before the election.

Conservative Newspaper Interprets Poll

Stockholm SVENSKA DAGBLADET in Swedish 27 Dec 84 p 2

[Editorial: "Learning From Subordinate Clauses"]

[Text] Things are really going badly for the Social Democrats. This has become clear from a number of recent public opinion polls. It began with earlier SIFO polls. The SCB poll in the middle of December indicated setbacks for the Social Democrats. The IMU poll that was published in DAGENS NÄRHEIT the day before Christmas Eve said the same. And today's SIFO barometer shows the lowest level of support for the SDP in a very long time.

All the current public opinion polls show a nonsocialist voter majority so strong that it holds up regardless of whether or not KPS votes are included. In today's SIFO report, the nonsocialist lead amounts to a full 9 percent.

Of course, this does not mean that the election is won. It can be pointed out that the Social Democrats also made a very poor showing a year ago--although not as wretched as their current position. Despite that, there was a socialist majority just a couple of months into the spring of 1984.

When the Social Democratic election apparatus really gets going, we can be sure that great efforts are going to be centered on the sizable group of voters who are currently expressing no party preference. But the job of narrowing the lead inevitably looks like a tough one.

From the standpoint of public opinion, the starting point for the nonsocialist parties therefore seems solid as we approach election year. Their political starting point is more hazardous. One can entertain every hope that the nonsocialists will win the election in 1985. But in fact, the main task of the nonsocialist parties is not to win elections but, having won them, to pursue a successful policy in the interest of all the people.

For the nonsocialists, it is important not only that the election campaign win an election victory possible but also that it form the foundation for a sensible government policy.

To no small extent, the unhappy development that Social Democratic strategists are now being compelled to observe has its origin in the electrifying tactics that the party engaged in almost without delay five years ago. The party managed to build up tremendous expectations of what a change in government would bring: happiness was just around the corner. In that propagandistic presentation, the leading Social Democrats compromised with their intellectual consciences, if any. They made promises and held out prospects that they must have known were untenable.

Now that reality is so thoroughly contradicting Social Democratic election promises, the result has been losses in the public opinion polls and particularly in votes interspersed with sporadic fits of activity where details the party has not been able to defend or explain.

Last fall's panicky spectacle in connection with economic policy was a very good illustration of what we are saying.

The nonsocialists must learn from this so that they will not wind up in a similar spot after September 1985.

What voters ought to be promised is a purposeful change of policy. The neglected battle with society's big structural problems must be taken up. Examples of such problems are the budget deficit, the lack of mobility in the labor market, the gigantic public sector, and our highly taxed society.

On the other hand, what should not be promised is an immediately problem-free existence for the citizens. And it should be noted in particular that voters do not accept the so-called subordinate-clause ethic--that is, the fact that in its depiction of the waiting Cockaigne, a party slips in a reservation here and there in the form of a subordinate clause to which it can later refer when the voters start wondering about the differences between the way things have turned out and the way it was said that they would.

Victories should not be racked up ahead of time. They are decided by elections, not by public opinion polls. That is a commonplace in commentaries on SIFO, SCB, and IMU polls. It is true and sensible. It does not mean that such polls should not lead to reflection. Nonsocialist activity in 1985 should be characterized by the realization that 15 September is much more important as a starting point for a period of government than as the culmination of an election campaign.

Record Degree of Voter Instability

Stockholm SVENSKA DAGBLADET in Swedish 27 Dec 84 p 6

[Article by Claes-Goran Kjellander]

[Text] Almost one out of every five voters has changed parties since the 1982 election. In addition, one voter out of 25 has left his former party without deciding on a new one.

This is shown by SIFO's analysis of last fall's SVENSKA DAGBLADET-SIFO voter barometers.

On the basis of 3,538 interviews, SIFO has determined that about 250,000 people have switched from the SDP to one of the nonsocialist parties. About 45 percent of them have gone over to the Conservatives, while 29 percent have switched to the Liberal Party, 21 percent to the Center Party, and 5 percent to the KDS.

In addition, about 125,000 persons have left the SDP without switching to any other party.

In all Social Classes

The trend toward direct transfers from the SDP to the Conservative Party is found in all groups and social classes, but it is strongest among people under

40 years of age. There is no appreciable difference between those living in single-family dwellings and those living in apartments.

The Liberal Party has taken approximately equal numbers of sympathizers away from the Conservative Party, the SDP, and the Center Party, while the Conservatives have taken votes away from the Center Party as well as the Social Democrats. The Center Party has also lost to the KDS, but it has wound up with a clear net gain from the Social Democrats.

The VPK has exchanged some voters with the Social Democrats.

Adding up the gains and losses shows that the SDP has lost 4.4 percent, the Center Party 3.0 percent, and the VPK 0.4 percent of the voters.

The Conservatives have gained 2.9 percent and the Liberal Party has picked up 3.3 percent of the voters, while the KDS has gained 1.4 percent.

Conservatives the Second Largest Workers Party

The polls confirm that the Conservative Party is now the second largest "workers party" with just over 14 percent of the LO's members among its sympathizers. The Social Democrats have about 60 percent, the Center Party has about 9 percent, and the Liberal Party and the VPK have about 6 percent each.

Among salaried employees, 37 percent are Conservatives, and just over 28 percent are Social Democrats. The Center Party has about 13 percent, the Liberal Party about 12 percent, and the VPK about 4 percent of the salaried employees.

Just over half of the salaried employees belong to a union. Of those belonging to the TCO [Central Organization of Salaried Employees], 30 percent are Social Democrats, and 27 percent are Conservatives.

Liberal Party Voters Prefer To Wait

The intention to vote is approximately the same in all parties except the Liberal Party. To a considerably greater degree than the others, Liberal Party supporters say they want to wait a bit before deciding whether they will vote.

The group of former Social Democrats who have not found a new preferred party is especially interesting, partly because of its size and partly because it may provide some information as to who the undecided voters are.

It appears that the largest number consists of workers under 40 years of age in urban occupations--that is, the same group that has the highest number of direct transfers from the SDP to the Conservative Party. This is a very unstable group of voters, however. The Social Democrats and the Conservatives have also made considerable gains among those who did not vote in the 1982 election. On the other hand, the Social Democrats have not been able to attract any of those who voted for the Conservatives in that election.

Switches Among Parties Since 1982 Election

Item	Total	Age		LO members	With children aged:		Married pensioners
		Under 40	Over 40		0-6	6-19	
Base number	3,538	1,380	1,961	931	678	816	457
Conservatives:							
To other parties	2.3	2.5	2.7	1.3	2.4	2.6	2.1
From other parties	5.1	6.6	4.5	5.2	5.7	6.2	3.3
Liberal Party:							
To other parties	1.2	1.5	1.1	0.8	1.2	1.2	0.9
From other parties	4.5	4.2	4.8	3.5	3.7	4.5	5.2
Center Party:							
To other parties	4.9	4.4	5.3	4.2	4.6	6.8	4.2
From other parties	1.9	2.3	1.5	1.2	2.5	1.9	2.3
KDS:							
To other parties	0.2	0.0	0.3	0.0	0.0	0.2	0.8
From other parties	1.6	1.1	1.9	1.4	1.7	2.0	2.3
SDP:							
To other parties	6.3	7.1	5.7	8.2	5.5	6.4	8.1
From other parties	1.9	2.9	1.3	2.3	2.5	1.4	0.7
VPK:							
To other parties	1.4	2.8	0.6	1.6	3.0	1.2	0.3
From other parties	1.0	1.2	0.9	1.8	0.3	1.4	1.3

The table is based on all interviews in the SVENSKA DAGBLADET-SIFO polls over the past quarter and shows complete switches among parties--that is, excluding transfers from a party to the group that has no preferred party. The base number consists of all those who voted in 1982 and may therefore vary from one group to the next.

The Social Democrats have consistently lost more workers than salaried employees to the group of "independents." Families with children are also overrepresented. On the other hand, there is nothing in the figures to suggest that the party has suffered fewer losses among apartment dwellers than among homeowners.

It is also noteworthy that the SDP suffered its very greatest net losses to other parties and that the Liberal Party made its biggest gains in the group of married pensioners.

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MILITARY

FINLAND

ARMED FORCES TO REORGANIZE PEACETIME ORGANIZATION

Manpower Shortage Behind Changes

Helsinki HELSINGIN SANOMAT in Finnish 19 Dec 84 p 20

[Article: "Defense Forces Overhaul Peacetime Organization; Conscripts into Service Partly as Early as Age 19"]

[Text] The defense forces' peacetime organization is being examined, corrected and improved. The shortage of salaried personnel and the changing educational goals are in the plan's background. Technicalization of weapons systems also requires more salaried personnel than before.

Studying and planning the organization's overhaul has already begun, and proposals for changes will be made to the Defense Ministry in due course. The adjustments and changes will be implemented over a 10-year period.

The first structural adjustments will take place as early as the start of the year when Tampere's eastern and western military districts are combined into Tampere's military district. At the same time, the Suolahti military district is incorporated into the Jyvaskyla military district. The intention is to reduce the number of military districts in the future as well, even though final decisions about combining other districts have not been made. They are expected in 1988.

The armored brigade will be transferred entirely to Parola at the beginning of March, at which time its administrative board and maintenance leadership will be centered in the brigade's staff headquarters. At the same time, the duties of 87 persons change, and 19 of them can be assigned as teachers. The adjustment makes it possible, among other things, to take into use new armored equipment with the current personnel.

The military educational institutes of the Lahti and Riihimaki garrisons and the military contingents may likewise be changed into training centers, at which time their administration and maintenance could be concentrated in one garrison staff.

Weapons Systems Develop

The plan is to incorporate an institute of military science into the War College. The objective is to dovetail military science research into the most advanced military instruction.

One is driven to make revisions in the organization of the land forces' military contingents as the reduction of the conscripts' age classes is reflected in the decline of roughly 30 basic units which give training. In the land forces, brigades are being developed whose purpose is to meet the demands imposed for peacetime training and for protective troops in wartime.

The rapid development of weapons systems is seen most clearly as a personnel shortage in the air force and navy. For example, the new antifighter plane equipment--the Draken half-squadron bought from Sweden--of Fighter Plane Squadron 21, which belongs to Satakunta's flight detachment, brings with it an additional need for about 100 workers. This cannot be solved merely by internal transfers. Additional positions and appointments should be obtained through the budget.

The naval forces are in the same situation. Ships of the Helsinki class equipped with guided missiles would involve approximately 100 new job vacancies. The naval forces may be forced to be satisfied first and foremost with the internal arrangements.

Too Little Personnel

After all, the central goal of the organizational change is the effective exploitation of manpower sources. Ten percent of the personnel are being placed in new jobs. Two-thirds of them will be involved in working with reservists and conscripts and the remainder with the new equipment. The goal is to avoid a transfer from one locality to another.

Attempts will be made later to train roughly 80,000 reservists a year. This year 41,000 men underwent refresher training; the goal next year is to call up 42,500 reservists.

According to General Jaakko Valtanen, commander of the defense forces, the basic reason for the shortage of military personnel is to be found in the 1950's when the composition of the defense forces was reduced by 600 officer positions. Among the other reasons: the defense establishment did not receive the additional personnel which the working-hours legislation was supposed to create. Technology application involves an increase in specialized personnel.

The third parliamentary defense committee estimated the defense forces' basic personnel shortage at 1,500 and a further need of 5,200 persons in 15 years. The committee suggested hiring 1,000 persons, of which 600 would be officers, special officers and acting officers.

Only 91 new military men were obtained in the first 4 years of recommendation. On the other hand, civilians have been hired according to recommendations.

The General Staff has made a proposal to the Defense Ministry for lowering the conscripts' age of service. The Parliament makes the final decision on the matter.

The change may be carried out by the end of the decade. In accordance with it, those subject to military service would be drafted as 18-year-olds and enter service either as 19 or 20-year-olds depending primarily on middle-stage training.

Lowering the age for entering service was suggested as early as 1976 by the defense establishment committee. In its opinion, conscript service should be linked to the conclusion of basic education when one could serve in the army before continuing one's studies and getting settled in a profession.

A second reason for the planned change is the reduction of the conscript age classes. The current organization has at its peak 39,000 trained men and at this moment about 35,000. In the next few years the number will be around 31,000 and at the start of the next decade 27,000. After that the figure will again climb over 30,000 men. By taking both 19 and 20-year-olds in the transition stage, the number of those coming into service can be leveled off at roughly 31,000 men.

Paper Lauds Plan

Helsinki UUSI SUOMI in Finnish 20 Dec 84 p 2

[Editorial: "Toward a More Efficient Organization"]

[Text] After a term of office which has lasted a good year, Defense Forces' Commander Jaakko Valtanen is ready to impose his own mark on the establishment's organization. The goal is to free the personnel for training and for tasks requiring new military technology primarily by streamlining administration.

The goal is correct. It is also admirable that in the defense forces there is a readiness for such substantial rearrangements. After all, generally in all organizations each unit hopes for additional resources, but no one wants to give up anything voluntarily. The redistribution of powers is especially troublesome in the public sector.

The pressure for reforms has increased continuously. One reason is a new kind of attitude toward working time. The primary personnel can, of course, no longer be expected to work literally around the clock at very modest pay. In this respect, however, the transition to modern times has not led to the establishment of corresponding new job openings.

A second reason for the personnel problems is the defense forces' many-sided development both technically and otherwise, which would involve additional manpower. A third central factor is the need to increase refresher training exercises.

Fortunately, however, people can be freed from certain sections of the defense establishment for the more important assignments. For example, the roots of the division into military districts are in the mobilization system of the 1930's when each district founded one infantry regiment. In the time of the modern territorial defense doctrine, military districts can be combined without greater risks--after all, the mobilization patterns have evolved.

The staffs of military districts have moderate significance in terms of providing jobs in rather small localities; perhaps they are also experienced as status factors, at least in localities which have no garrison nor middle-level state officials. However, factors like these cannot come in the way of suitable solutions.

The abolition of garrisons or even the complete discontinuance of military contingents are not on the list. They would certainly be experienced as very harsh measures in the concerned localities. Moreover, the ties of tradition of as many as 10 generations of conscripts are associated with the military contingents.

The field of military contingents will be streamlined nevertheless--and there are obvious possibilities for this, too. The number of military contingents is computed for conscript age classes considerably larger than at present. At this moment, there are very many staff officers in comparison with the number of basic units and particularly of conscripts.

With the help of modern office and other technology, the staffs of military contingents may be able to manage more basic units than up until now. It then pays to keep in mind that the military contingents do not as a rule closely correspond to the full-strength units in conformity with their name--for example, on battalion of fixed numerical strength may generally be obtained from a brigade.

Certain military contingents will also be transformed into training centers. On the other hand, the armed brigade will be concentrated administratively, even though the military contingents under it preserve their independent and renowned traditions. This is a discrete way to make more effective use of personnel.

The commander of the defense forces stressed that after this the possibilities for internal efficiency measures are used up. Plainly, both regional reasons and reasons of regional economic protection prevent the elimination of entire military contingents, although that, too, would perhaps be possible in theory.

So the starting point must be that the preservation of defense readiness in the future also takes for granted additional job openings along with the acquisition of equipment.

Increased Defense Credibility

Helsinki HELSINGIN SANOMAT in Finnish 23 Dec 84 p 2

[Editorial: "Defense Forces' Look in Right Direction"]

[Text] People have gotten into the habit of regarding the defense forces' organization as an inflexible and money-devouring unit detached from the rest of society. Nor, due to its position, have the same kind of "production demands" been made on it as on other state operations. To be sure, a frugal appropriations line has contributed indirectly to the tendency under consideration.

In peacetime conditions, however, the defense forces' organization must be placed on an equal footing with any institution whatsoever which provides society with services. Setting out to streamline their organization, the defense forces have now taken a surprisingly commendable step in the right direction.

People have not become especially accustomed to state institutions which, on their own initiative, change their internal rules of procedure in order to improve efficiency. On the contrary, it is characteristic of state institutions to sprout in every direction. The result has only been new bureaucracy and new inefficiency alongside the old ones. The civilian audacity of the organizations' leadership has, for its part, been adequate only for constantly increasing demands for appropriations.

The defense forces' new commander, General Jaakko Valtanen, could have acted exactly in the same way. There are plenty of arguments. There is a shortage of salaried personnel, which only grows worse as weapons systems become more technical and require better and better trained people. The personnel shortage has been chronic since as early as the 1950's.

The defense forces' alternative is different: make more efficient use of manpower sources. Altogether 10 percent of the personnel are placed in new jobs. Maintenance and administration are concentrated, at which time the personnel are freed for training and partly also for taking possession of new equipment procured by the defense forces.

This kind of plan would cause complaining in other state bureaucracies. However, a constantly expanding administration would involve this very kind of streamlining on all levels. It is typical that the new wage-payment system which facilitates transfers of municipal and state personnel is a politically combersome operation in the extreme, even though it would also prove beneficial to the taxpayer.

In these kinds of circumstances, the efficiency line adopted by the defense forces deserves a tip of the hat. The credibility of our defense capacity is also increased in this way.

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CSO: 3617/49

MILITARY

SWEDEN

BOFORS FINDS INNOVATIVE TECHNOLOGY BRINGS FOREIGN ARMS ORDERS

Bonn WEHRTECHNIK in German Nov 84 pp 74-79

[Marketing Report: "A Portrait of the Bofors Ordnance Department"]

[Text] Always Out Front Through Innovation--Bofors has a 300-year old tradition in metal processing in Karlskoga. However, the success of Bofors Ordnance as a manufacturer of armaments goes back to the year 1879, when the first gun barrels were cast from steel; 4 years later came the first order for complete guns. Even though these days steel is mostly purchased elsewhere, skill and an innovative tendency remain the main characteristics of Bofors Ordnance and thus contribute to the fact that the enterprise is one of the leading arms manufacturers in the world, capable of developing complete weapon systems with the most complex types of ammunition based on test and quality control facilities not found in any other private concern. In 1983 the firm took orders worth 2.25 billion Swedish kroner, compared with 1.89 billion skr in 1982, 55 percent of which came from abroad. Bofors Ordnance employs a workforce of 5,400, out of a total employment figure of 11,000 for the entire Bofors firm. Profits for 1983 amounted to 88 million kronor.

Under the leadership of its president, Martin Ardbo, Bofors Ordnance was on 1 January 1984 divided into five semi-autonomous, but mutually supportive, divisions: Marketing, Gun Systems, Ammunition, Missile Systems and Services. Each of these product divisions is responsible for its own research and development, production, procurement and quality control. The firm employs 630 scientists and engineers in the research and development organization and another 300 workers on the firing ranges. In addition to the five divisions, Bofors Ordnance has two subsidiaries with a total of 650 employees: LIAB (Lindesberge Industri AB) in Lindesberg and Bofors Aerotronics in Lidingsö. There is close cooperation with the Bofors Chemical Division which develops fuels and explosives. The sales department of Bofors Ordnance has 50 representatives as well as foreign offices in Bonn, The Hague, Kuala Lumpur and London.

The mission of the marketing division, led by Hans Ekblom, is implicit in its name: market development and the sale of Bofors Ordnance products in international markets. The Customer Service Department under Peter Runeborg is a management organization which services the other four departments.

Gun Systems

This division, directed by Lars-Goran Moberg, offers a spectrum of anti-aircraft, ship, coastal defense and field artillery systems.

Antiaircraft

The 40 mm gun is almost synonymous with Bofors; its design was started by Victor Hammar and Emmanuel Jansson in the 1920s. Since 1975, more than 200 of the much more effective BOFI (Bofors Optronics Firecontrol Instrument) all-weather versions have been produced specifically for export.

The 40 mm gun was chosen by Ford Aerospace and Communications for its successful division air defense system DIVAD, which is now entering field service as the M-247 SGT YORK with the U.S. Army. Bofors played an important part in the development of this system and will deliver the guns for the next three production series. In addition, the firm has discovered an export market for vehicle-based 40 mm guns which cannot be satisfied by very complex systems. Testing is in progress on Illing systems, which satisfy requirements as to performance as well as cost.

Naval Guns

Four ship gun mounts for the 40mm gun have been produced: the open Standard 40L/70-350 with electro-hydraulic aiming drive unit, the simplified SAK 40L/70-315 with manual aiming device (both versions have ammunition racks for 96 rounds), and the magazine version SAK 40L/70-520 with a 144-round capacity. The production of the 520 model leads to the SAK 40L/70-600, which can operate with remote control and which is a new elevating weapon with an integrated 100-round magazine and a rate of fire which has been increased by 10 percent to 330 rounds/minute. The weight of the system without ammunition, tools, accessories and crew is 3.3 tons; it has great accuracy and the capability of automatically making a choice between two types of ammunition. They are KE ammunition with proximity fuzes and armor-piercing ammunition. Eight systems have already been purchased by the navy of an unnamed country. It is known that the FRG Navy is very much interested in the 40 mm system.

The SAK 57L/70 Mk 2, weighing 6 tons, has an automatic loader, computerized target and fire control and a 10 percent increase in rate of fire to 220 rounds/minute in a turret with minimal radar reflecting surface.

The SAK 57L/70 Mk 2 has a greater firing frequency than the widely used 3-inch (76.2 mm) gun with equivalent target impact. Leif Samuelsson, the marketing manager for antiaircraft and naval guns, admits that there is a marketing problem in this area. Many navies are still buying the 3-inch guns because they are of a widely used caliber, especially in certain NATO navies which

still have large ammunition inventories. This tradition does of course become a problem when the 57 mm gun is to be introduced. However, the Canadians, who needed a system for their CITY-class frigates, chose the 57-mm caliber despite the fact that they already have two types of 3-inch guns in their inventory. Their choice was made in favor of better performance, which was given greater weight than preoccupation with "getting rid of available ammunition inventories."

For attacks on coastlines, Bofors continues to offer the liquid-cooled automatic TAL 120/46A gun, which has been procured by the Finnish and Indonesian navies.

Coastal Defense

The first modern gun ordered from Bofors was intended for coastal defense, an area quite neglected by most manufacturers, even though Sweden has always accorded a high priority to that type of defense. While most competing gun systems are more than 40 years old, Bofors is determined to grab a significant share of the world market together with PEAB (Philips Elektronikindustrier AB), which offers fire guidance and control systems, as well as with Saab Bofors Missile Corporation, a sister firm whose other parts belong to Saab Missiles AB and which is currently developing a coastal defense version of the RBS 15 surface target missile.

Particular export success is being enjoyed by the firmly stationary ERSTA system, a 120 mm gun turret which is usually installed in a concrete foundation and which can withstand the impact of a nearby detonating nuclear weapon. The ERSTA gun, with 62 caliber lengths, was sold not only to Sweden, but also to Norway, with orders worth 350 million kronor. Follow-on orders are probable. Sweden has also bought a mobile coast artillery gun named KARIN, which is derived from the FH 77 field howitzer with 120mm gun barrel and a new ammunition feed. The gun has a range of 20 km. There are plans also for developing a coastal defense version of the 77B field howitzer, maintaining the 155mm barrel of 39 caliber lengths. However, this would be equipped with a naval version of the RIA electronic gunsight, the MARIA, with a fire control computer and a separate, electro-optical gunsight to which a laser range-finder can be added.

Field Artillery

Since a large part of the free world's inventory of 155 mm towed artillery guns is more than 40 years old, there is an increasing demand for replacements. Bofors Ordnance is offering the FH-77B, an export version of the 77A field howitzer, several hundred of which have been delivered to the Swedish Army at a cost of 660 million Kronor. The FH-77B has a slightly longer barrel (39 caliber length rather than 38), a screw cap closure for the use of bag charges, a new hydraulic loading system and a new auxiliary drive. The FH-77B, weighing 11.9 tons, can be towed at speeds of up to 70 km/hour. The auxiliary drive permits a speed of 8 km/hour in roadless terrain. The driver and one assistant can position the gun in 2 minutes. Rate of fire is three rounds

in 12 seconds and a maximum range of 24 km (or, using the rocket-propelled M-549 shell, 30 km). One order has to date been received for the FH-77B by an unnamed buyer; strong interest has been shown for it by India.

Combat Effectiveness Upgrading

The department is currently working on a 400 million skr contract for modernizing the STRV-103 casemate tank or S-tank of the Swedish Army. Combat effectiveness upgrading includes replacement of the present Rolls-Royce K60 engine with a 205 kW 6V-53T Detroit diesel; installation of a fully automatic drive system developed by Bofors Ordnance, a fire control system by Bofors Aerotronics, and additional armor.

Ammunition

This division, under the direction of Goeran Widen, produces fuzes and shells for different guns including the 40 mm, 57 mm, 90 mm, 120 mm and 155 mm guns, as well as flares, rockets, sea mines and countermining charges; the department works in close cooperation with Bofors Nobelkrut.

Illuminating Rounds

After 1965 there was an enormous demand in this area. However, market saturation, especially in the case of traditional customers, led to a cut in production after 1982, even though new customers can now place orders with short delivery times. The newest and smallest product in this area is a 26.5 mm cartridge for many cost-effective Very pistols. For use at platoon and company level, but also for tanks, the 71 mm LYRAN system has been introduced in the Swedish, Swiss and Belgian armed forces.

A new product is the 81 mm LOTTA Mk 2 mortar shell with the ballistic performance of HE mortar shells of the new generation. LOTTA Mk 2 achieves a 60 percent range increase compared with the Mk 1. Other types of ammunition are the 105 mm MONA, whose canister system has been made compatible with the British 4.5" naval gun. Others are the STELLA for 120 mm mortars of any type, and two 155 mm shells, MIRA and JUSTUS; the former for the FH-77 and similar guns, the latter being a modernized version of the U.S. M-118. We might remember here that in 1978 Bofors and Rheinmetall signed an agreement whereby the Swedish firm will provide the flare canister and the pyrotechnics for the DM-106 flare shell for the FH-70. It produces a light intensity of 2 megacandela for 60 seconds.

The firm's experience is not restricted to ground forces only. The SUPER LEPUS flare bomb is a new version of the LEPUS. For use aboard ships there is a 57 mm rocket, which can be mounted on racks to four or eight launch rails on gun mounts like that of the 40 mm gun, or on separate mounts. In addition, there are ECM flares.

Missiles

Missiles were developed for more offensive tasks. Even though at present there are no plans for an artillery missile system, the firm produces the

135 mm M-70X air-to-ground missile for the AJ-37 VIGGEN. In cooperation with Saab Scania and FFV alternative weapon systems are being tested for the JAS-39 GRIPEN.

Still in production is the 375 mm submarine hunter missile, which has been on the market since the 1950s. The present twin launcher has been available since 1970. The two versions are called ERIKA and NELLI. The missiles are equipped with hydroacoustic or time-delay fuzes.

Sea Mines

Two types of sea mines are in production. They can be launched from surface vessels as well as from coastal bases, whereby the systems supplement each other. The MMI-80 mine is a moored mine weighing 415 kg with 80 kg of explosives for water depths of 20-200 meters; the GMI 100 ROCKAN, weighing 175 kg, is deployed at depths of 5-100 meters. Studies are ongoing concerning the Swedish requirements for mines in the 1980s and 1990s. Nothing can be told about this at present.

Shells

Jointly with the Swedish army and PEAB efforts are being made to find a replacement for the multiple purpose fuze called ZELAR (approach, impact, delay) which has been in production since 1975 for calibers of 75 mm and larger. Bofors has been working together with PEAB for 30 years in this area and is conducting research on the new fuze which is to be more flexible and effective than the present fuzes, but which must still be usable with old ammunition.

For the 40 mm gun, Bofors has the PT (practice tracer) shell and three live shells: the PFHE Mk 2 shell weighing 880 gram with proximity fuze and pre-fragmented casing; the HCHE high explosive shell with delayed action fuze weighing 870 grams and the 960 gram HET explosive shell with tracer. Since its introduction in 1975, the PFHE shell has proven extraordinarily successful. More than 800,000 have been produced to date. The proximity fuze increases the effective antiaircraft range by a factor of 50, against a helicopter 80 times and against missiles 350 times. Bofors considered this to be an essential point in winning the DIVAD contract supported by the capability of the HCHE shell of destroying thinly armored targets, such as infantry tanks. There are joint efforts with PEAB to improve the PFHE shell by reducing the size of the proximity fuze and by introducing new concepts in this fuze. Work is proceeding also on a subcaliber 40 mm dart shell, on the one hand for a general upgrade of the weapon system and also in view of the combat vehicle programs. Says Mr. Fransson: "It might prove effective against armored helicopters, aircraft or armored vehicles. While we would prefer to have only one type of shell, we may be forced into producing two types, one for aerial and one for ground targets. But it will be some time before we can offer it to our customers."

A similar spectrum of shells is available for the 57 mm naval gun, which is a triple-purpose weapon system for attacking surface targets, aerial targets and low-flying missiles.

Surprisingly, Bofors is developing 90 mm shaped charge ammunition for the IKV-91 tank destroyer as well as for the PV 1110 recoilless rifle, which might be used also in 106 mm weapons. Says Fransson: "There are a number of programs which lead to interesting solutions; two of these possibilities are still being pursued. We believe that within a few years we will be able to offer a whole spectrum of shaped charge ammunition." In the 105 mm ammunition area, Bofors produces an explosive shell weighing 42.4 kg, the m/77 for the FH-77A and the m/77B for the FH-77B, which contains 8.4 kg of TNT or RDX Composition B. Bofors is currently also developing a based-bleed shell with optimum shape and a balanced total weight which, in conjunction with a super charge, reaches a range of 30 km and which contains the the same weight of explosives as the m/77. There is considerable certainty that the shell will be available in 2 years. Together with PEAB, "smart" and terminally guided projectiles are being studies for the coast artillery.

Bomb Disposal Charges

In conjunction with the Dr Foerster Institute, Bofors offers an unusual product for quick disposal of unexploded bombs, especially at airfields. Using one of Dr Foerster's FEREX 4.021 probe, a dug-in bomb can be located. Thereafter a shaped charge on a tripod is placed above the bomb and detonated, thus destroying the bomb.

Ammunition Production

During the past year Bofors completed the installation of a hot forge for shells consisting of a furnace, a computerized 1,000 ton press and remote-controlled manipulators, thus doubling production capacity. The sister firm Nobelkrut is currently constructing a new TNT plant which will start production in 1985 for greater reliability in satisfying the increasing demand for ammunition in storage and in use. The Bofors organization has developed a method for producing a finer, unoriented crystal structure, which increases the solidity of the load. This is done by adding HNS (Hexanitrostilbit) to the highly purified TNT or RDX compounds. The Royal Ordnance Factory has an agreement with Bofors for the production of TNT and Composition B with HNS for FH-70 ammunition for Germany and Italy. The Bofors method is used in a number of other countries also.

Missile Systems

The success of this division, currently directed by Eric Hedenqvist, derives from the BANTAM antitank missile, whose production was discontinued 10 years ago. The division now concentrates on two market areas: air defense and antitank defense, and cooperates with the Saab Bofors Missile Corporation, even though the latter is a separate enterprise.

Air Defense

Currently in production is the heavy RBS 70 Fliegerfaust [infrared-guided man-portable antiaircraft missile] whose development first started with Switzerland in 1969, but also with Swedish authorities.

The RBS-70 system weighs 83 kg and is divided into three portable components. Maximum horizontal range is 5,000 meters and maximum altitude 3,000 meters when guided by a laser beam. This provides excellent ECCM performance. The system has quick reaction time (5 seconds), is highly accurate and difficult to detect from the air. The 2,000 tungsten balls in its warhead make for highly effective target impact.

The system is gradually undergoing upgrading; most recently the laser beam visual range was increased, which means that the RBS-70 PLUS provides better coverage of head-on flying targets by a factor of 30-50 percent in an area 5 km long by 3.5 km wide. This results in a great single-round downing probability of 70-90 percent against targets traveling 250 meters/second. Says Lars Ajaxon, missile marketing manager for the RBS-70: "The customer wants a weapon capable of destroying an aircraft before it can launch weapons of its own."

In the development phase for the Swedish armed forces, but having great export potential, is the RBS-70M Moerker [Night], for which Bofors Ordnance has received an 800 million skr contract. It serves as a supplement to the clear-weather system and will have a crewless starting device, with operation taking place from a Bv 206 terrain vehicle. Two missiles are with the launcher, which has an aiming mechanism. The target system includes TV as well as infrared cameras. The system is connected to the new Ericsson Radio Systems search radar, which is similar to HARD and which is housed in a separate Bv 206. The RBS 70M is to be introduced in the Swedish armed forces in early 1990, at the same time as the RBS 70 Mk 2 missile, which has a larger warhead and a bigger cruising engine. The missiles are to be interchangeable with the present ones.

Mobile versions of the RBS 70 have already been developed. The VLM (vehicle launched missile system) has already been launched from a Landrover (277 cm track width) and installed in the Cadillac Gage V.200 COMMANDO. Before the end of this year the Swedish Army will take delivery of the first RBS 70 VLM mounted on the IKV 102 vehicle chassis.

The new vehicle is designated the LVRBV 701. An even higher performance version is the RBS 70 ARMAD two-man turret for the M-113 armored personnel carrier weighing 4 tons, which is specially equipped for defense against helicopters. Seven rounds can be accommodated in the turret. Target acquisition is handled by an Ericsson HARD 3D track-while-scan radar, which operates in the I-J band and is specially equipped for helicopter detection. The system has a 4.5 second reaction time and automatic reloading. Inasmuch as the Swedish Army's air defense requirements are now satisfied, Bofors is entering the export market. The ARMAD turret can be installed in coastal fortification also. This idea is already under discussion with several navies.

In fact, navies could constitute a new market for the RBS 70, especially smaller naval vessels. Says Mr Ajaxon: "We believe that there is a big market for small antiaircraft missile systems on small naval vessels." All-weather tests from a simple platform installed above the winches of an ARKO-class minesweeper were successful last November against a towed target. Development of the RBS 70 SLM (ship launched missile), a shipboard based version for mine layers, mine sweepers, speed boats and small coast guard boats, is under way. A naval version of the existing aiming sight is to be used in this.

Growing interest in helicopter armament is stimulating ideas for an air-launched version of the RBS 70.

Antitank Defense

The RBS 56 BILL (Bofors Infantry Light and Lethal) is intended for this function; its development phase is finished. Deliveries are to start in 1987.

Procurement specifications required BILL to be portable and, like the RBS 70, operable by a 3-man crew. Combat tanks are to be attacked at distances of up to 2 km, with heavier missiles, like TOW, taking on targets at even greater distances. BILL's gross weight will be about 28 kg, with a fairly unique shaped charge effect, in that the missile approaches at a downward angle of 30° and is detonated by a proximity fuze. Bofors believes that this attack from above is not only the best way of penetrating the new generation of composite materials armor and active tanks, but also to eliminate crews and ammunition. Fire-and-forget was purposely dropped in favor of a command three-point guidance system, whereby the proximity fuze makes a precise rangefinder unnecessary and the effect area on the target is enlarged.

BILL can be positioned within 10 seconds and reloaded in 4 seconds. It is intended to position the launch device about 50 meters behind the crest of a hill, on a special tripod. Nils Windblad, the missiles marketing manager, had this to say: "The Swedish Army is looking for an inexpensive system which can be procured in large numbers for use at the battalion level. Besides, we believe that it has a great export potential."

Even though designed for antitank use, BILL can be used also against hovering helicopters. In fact, this requirement was one of the specifications by the Swedish Army. At its own expense, Bofors is working also on a simple-to-install thermal image aiming sight, since a demand for this by the Swedish Army is expected. Said Mr Windblad: "The BILL system has elicited so much interest that we must consider the option of direct sales versus production under license."

During WEHRTECHNIK's visit to Bofors Ordnance there was an opportunity to interview President Martin Ardbo and Vice President for Technology Ake Isaksson about product and development trends and to discuss the firm's views on other matters.

WEHRTECHNIK: Considering the fact that the armaments market is dominated either by those capable of mass production or those whose sales policy is subject to fewer restrictions, how do you evaluate the future of Bofors Ordnance in the world markets?

Ardbo: First of all, I agree that the arms business is dominated by the great powers such as the USSR and the United States, as well as by other countries such as Great Britain and France. However, I believe that a market expansion will take place also for firms in neutral countries such as Sweden. From the technical point of view, I believe that the great nations tend to manufacture the weapons which satisfy their own requirements, while we here in Sweden essentially develop defensive weapons, e.g., antiaircraft and antitank weapons, which satisfy the requirements of small countries. These are the markets we are looking for. Obviously, it necessary also that we sell to large countries; this is a challenge from the standpoint of marketing, development and technology.

WEHRTECHNIK: What is your marketing and production philosophy?

Isaksson: Our markets are not the ones that require mass production. We must find deficiencies requiring products with special qualities which are appreciated by the customer.

Ardbo: We want to work in three areas: guns, ammunition and missiles. On guns, our philosophy is to try to be the best in the world. And I believe we are the best, even though we purposely do not work in some areas, such as calibers smaller than 40 mm. But with the larger calibers we try to compete with the best in the world, and I believe that our success in the U.S. DIVAD project proves that we are the best; and we want to have the same success with our howitzers and naval guns that we had with our antiaircraft guns. In ammunition, we concentrate on making products of the highest quality. We have always been pioneers in the area of smart ammunition. Thus we produced proximity fuzes as early as the 1950s, when nobody believed in them; today there are a great many firms fighting to break into the market. We want to stay ahead and make smart and brilliant ammunition as well as small smart missiles.

WEHRTECHNIK: Is Sweden your main customer?

Ardbo: The Swedish armed forces are the basis of our circle of customers, but are not our biggest customers. The reason for the existence of the Swedish armed forces is to be free, but neutral. That is also the basis of our Swedish financial support. On the other hand however, our foreign sales exceed the domestic ones.

WEHRTECHNIK: Are there any particular markets that are of particular interest to you?

Ardbo: Let me say first that here in Sweden, as in most other countries, there is a law which forbids arms exports. This means that for every export sale we need a permit. We are however in close touch with the foreign

ministry and know that we can sell to many countries. Sweden has agreed to observe the UN weapons embargo; on the other hand, our country is very active in the Third World and these countries want to defend themselves so as to be able to maintain their independence from the superpowers and the power blocs. This means good business opportunities for us. I cannot identify any particular market, but can state that the Free World or a considerable part of it is open to us. We are not interested in selling anything to Eastern Europe.

WEHRTECHNIK: How do you go about overcoming government restrictions?

Ardbo: We negotiate with the government; if we disagree with its views, we follow its advice and its regulations.

WEHRTECHNIK: What do those regulations provide?

Ardbo: The law states very clearly that we may not sell to countries involved in warfare; this applies to arms and equipment sales as well as to licensing agreements.

WEHRTECHNIK: When you develop a new gun, ammunition or missile, do you try to satisfy the requirements of the Swedish armed forces exclusively, or do you fashion it entirely for export, or are you able to convince the Swedish armed forces to change their specifications so as to strengthen the export potential?

Ardbo: We always look at the Swedish market and also at the export market. We must of course produce things that satisfy Swedish requirements, or else our armed forces would not purchase them. But we attempt to convince them that some criteria are good for Sweden and others for export, and then we make an effort to change their requirements.

WEHRTECHNIK: How are your research and development financed?

Ardbo: We would of course welcome it if the Swedish government would pay for all development. But this is not possible. At the present time we pay for about two thirds of all development costs, and the Swedish government supplies the balance. We have a very active R&D program including updating of the RBS 70, BILL, ammunition and a few artillery areas. However, finding the funds for such a program is a problem for a private enterprise.

WEHRTECHNIK: Do your R&D programs have their start when you identify a market, or does the government ask you to satisfy a certain need or special requirement?

Ardbo: Sometimes we comply with a request from the government, and other times we identify the market ourselves. Thus for instance during the 1960s the army had a need for a portable anti-aircraft missile against low-flying aircraft with high ECCM qualities; this eventually led to the RBS 70. The BILL design satisfies a requirement for an antitank missile capable of piercing the new type of armor. We could of course have also produced a heavy missile for this purpose but, like the Swedish Army, we are interested in a portable system.

WEHRTECHNIK: What about cooperation between your firm, located in a neutral country, and firms in NATO countries?

Ardbo: In general, we operate like a normal enterprise with normal business activities. If for example we need a rocket engine which is more easily available from a firm in a NATO country, we buy it.

WEHRTECHNIK: But have you also approached a firm in a NATO country for purposes of jointly developing a new system?

Ardbo: DIVAD is a typical example of a joint venture which we performed with Ford Aerospace.

WEHRTECHNIK: But was't this a case where you did not develop the entire system, but merely contributed your gun?

Ardbo: Yes and no. Ford was the main contractor, but we adapted our guns to the M-48 chassis and modified our ammunition for production under license in the United States.

WEHRTECHNIK: In a system like BILL, wouldn't it be a good idea if the Swedish Army would elaborate a requirement in concert with other nations such as Switzerland or Austria, so that the firms from the partner countries could collaborate in the development of the system according to that requirement?

Ardbo: Certainly. We are working closely with Switzerland, whose defense philosophy is similar to that of Sweden. The Swiss also have a financial interest in the RBS 70 development. They have also purchased our BANTAM antitank missile, and we are collaborating in the entire area of illuminating ammunition.

WEHRTECHNIK: Have there been any talks with Norway as a result of the Swedish-Norwegian agreement on defense cooperation?

Ardbo: We have had long experience in cooperation with Norwegian firms, and Norway and Sweden are constantly moving closer together. The agreements between the two governments mean closer cooperation. We have sold the RBS system to the Norwegian Army and to the Norwegian Navy for coastal defense. We have an agreement with Kongsberg, which will manufacture a large part of the missile. We would also cooperate with any firm which would wish to develop and manufacture the BILL system jointly with us.

WEHRTECHNIK: You have recently had two great successes on the North American market, with the DIVAD and with the Canadian escort frigate program. Do you think this will lead to additional orders?

Ardbo: We are making great efforts to sell various guns and small missile systems in North America. I would rather not go into details on this. We have learned a great deal; there is a big difference between being successful there and being successful in Europe or other countries. For our firm and our

engineers this is very stimulating, because it is a new, but positive sort of work--it is good also for our marketing, because if you sell in America, you really have to prove the quality of your products.

WEHRTECHNIK: What is the general picture of joint ventures?

Ardbo: We are working with a number of firms. In Karlskoga we produce the propellant for the Rheinmetall 120 mm gun and we also have close ties with firms like Mauser, with which we have an agreement for the production of the 27 mm gun for the JAS-39 GRIPEN fighter aircraft. Details of the production have not been decided yet, since much depends on decisions by the Swedish government.

WEHRTECHNIK: Would you be interested in a joint venture with Mauser in the worldwide marketing of gun systems; could for instance the German firm handle the calibers smaller than 40 mm while you concentrate on those larger than 40 mm?

Ardbo: Other firms have done this. We believe on the other hand that when one sells guns made by someone else, this might have a negative effect upon one's own image. Bofors has the reputation of developing guns and their specific ammunition as a unit. If we were to offer guns made by other firms as part of a comprehensive program, we might create the impression of being arms dealers. I wish to emphasize, however, that this does not apply to Mauser, with which we have an excellent relationship. We are however already looking for a partner in the R&D phase for the next generation of missiles, and we need more cooperation in Europe. We are well aware of the fact that in-country production is often mandatory despite its being more expensive than importing the item. As a relatively small manufacturer in a small country we must be flexible in our joint ventures.

WEHRTECHNIK: What trends do you predict for missiles?

Isaksson: That is difficult to say, since this is such a broad area and we restrict our activities to small, portable missiles. Much depends also on developments in electronics, which will make the missiles smarter. There are requirements for better ECCM capabilities, and I believe that warheads can still be improved to bring about new kinds of target impact.

Ardbo: As a matter of fact, warheads are one of the cornerstones of our technology.

Isaksson: Yes. We are working on projectile-forming warheads, and one of their first applications will be in an antitank mine.

WEHRTECHNIK: What trends do you predict for ammunition?

Isaksson: The shells with auxiliary rocket propulsion have too much scatter. We are looking of new kinds of base-bleed.

WEHRTECHNIK: How about the guns?

Isaksson: Electronics provides new opportunities for improving fire accuracy and for less participation required by the crew.

Ardbo: The DIVAD decisions means that the 40 mm gun will be needed well into the 21st century. From the industrial point of view, this gun has had a fantastic success story and can continue to be used in modern defense systems; this means that we will continue to refine our technology in this area.

WEHRTECHNIK: Some of your guns are being used by naval forces also. Are you improving their capabilities for use against very low-flying missiles?

Isaksson: Certainly; you can see this in the SAK 57 Mk 2, where we have done much toward reducing reaction time. This trend will continue, and there is a lot to be done yet.

Ardbo: Ships still need guns. The 57 mm gun for instance is a triple-purpose weapon against missiles, surface targets on land or sea, and against aircraft.

WEHRTECHNIK: Don't you find that the relatively small domestic market impairs export insofar as the cost of such systems as the FH 77 becomes excessive?

Isaksson: I do not believe this at all. What we have is a basic development for Swedish needs, and have come up with the necessary modifications for export purposes.

WEHRTECHNIK: But how can you bring down the price per copy?

Ardbo: First of all, in the case of the FH 77 the major part of the development cost was provided by the Swedish government and we made the modifications for export. Second, we were able to produce it at a competitive price, since we constantly modernized our production facilities. In this production, we concentrate only a few key components like the barrel and buy other components and forgings on the open market, since there are a number of manufacturers who are offering them at competitive prices. Finally, you must not forget that we have good prospects for export sales, and our total sales will be entirely comparable with those of our competitors. For this reason, cost is no worry to us. Besides, we have the advantage of being only a small firm. There must be problems in dealing with difficulties affecting three countries with their own ground forces, ministries and industries, as in the case of the FH-70. Here, we simply sit around a table and solve those problems.

[Photo Caption]

The latest Bofors Ordnance gunsystem is the TRINITY 40 mm gun system, a modular multi-sensor system weighing less than 3.7 tons without radar, which

is ready for action around the clock in all types of weather. The system exists in a great variety of versions, all of which however have the 40 mm Iling, the new fire control device and the aiming instrument. The gun is an improved SAK 40/L70, similar to the Model 600, however with a new highly effective propellant charge (Octol) replacing the Exotonal or Octonal of present ammunition. The weight of the shell was increased from 0.87-0.96 kg to 1.1 kg. The new propellant achieves a range of 6 km as compared with the previous 4 km. The magazine contains a total of 100 rounds, with the possibility of choosing among two types of ammunition by pressing a button. The fire control system consists of an aligned target tracking radar which follows the path of a fast moving target and which executes a programmable fire plan so as to increase the hit probability. If desired, the sensors can also be supplemented with a target acquisition radar which, like the target tracking radar, operates in accordance with the frequency hop procedure and has binary impulse compression and moving target indication. Other peripherals include TV and infrared target tracking devices and a laser rangefinder. TRINITY has an extremely low magnetic signature, which makes it suitable also for minesweepers. It can be used aboard ships as well as on the battlefield. On ships, it can be operated entirely autonomously with a great variety of sensors or by remote control and from the bridge. On land, it can be mounted on a variety of armored vehicles.

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MILITARY

SWEDEN

REPORTER EXAMINES ROLE, CAPABILITIES OF HOME GUARD

Munich SUEDEDEUTSCHE ZEITUNG in German 7 Dec 84 p 3

[Article by Kurt Kister, member of editorial staff: "Sweden's Home Guard: After-Hours Soldiers with a Special Mission"]

[Text] Visby, in December—In spite of the fact that they are wearing battle dress and tall boots, the nine elderly gentlemen do not have a particularly martial look about them. They have gathered in the parking area of a shopping center on the outskirts of the old Hansa city of Visby. Their breath and their cigarette smoke form white clouds in the evening air as they stand there waiting for one of their comrades. When the latter has arrived, the group leader gives the order to start moving and Col Stig Barke, the commanding officer of the 18th Swedish Tank Regiment, says to look at their watches so that "we can tell how long this takes."

After a short time of driving through the darkness the small convoy comes to a halt at a point of the high coast where one has a good panoramic view of Visby harbor. The mostly grey-haired gentlemen get their rifles out of the trunks of their car and stand them up pyramid-style. Then they start handling an object which looks something like a portable garage. After about 45 seconds a tank turret emerges from the grey plastic covering and its cannon is soon pointing at the open sea outside the entrance to the harbor. In the meantime the elderly soldiers have taken up their various positions: two of them have climbed onto the tank; two others are setting up a mortar; several others are surveying the waters from the safety of a slit trench and still others have disappeared inside the bunker underneath the tank turret. All of 8 minutes have passed since we left the parking area. By military standards this rapidity is quite an achievement particularly considering that these after-hours soldiers were still at work as salesmen, brokers or bank employees an hour earlier. Only the four retirees in the group had a little more time to prepare at home for the evening exercise.

Like a Shock

They are all members of the volunteer Swedish home guard which represents the second leg of neutral Sweden's defense establishment next to its regular army. Some 110,000 men at least 47 years of age wear their battle

dress whenever they take part in these exercises throughout Sweden. Above the right breast pocket they wear a golden "H" on a blue background which identifies them as members of the local militia. While the debate in the FRG about how to make the best use of reservists continues in the face of the soon-to-be-expected shortage of young recruits, the Swedes are perfectly ready to show anyone who wants to find out how this is done. The home guard, which has been in existence for 40 years, is not only charged with protecting so-called "objectives" like the port of Visby for example or military stores, communications arteries and airports in crisis situations and in case of war but also with acting as a fire brigade which can hold off a potential aggressor until the regular army can be mobilized. Almost none of the home guard reservists live more than a few kilometers away from the objective they are supposed to defend. Almost every one of them completed his military service in the regular army years or even decades ago. In case of a surprise mobilization, this militia is to occupy its defense positions within a matter of hours similar to the Visby group in this particular exercise.

The rapid deployment of the home guard is particularly important for Swedish defense planning because the army, too, relies on the militia system. The conscripts are required to do 7 months of basic military service and only those who will later assume command functions in the reserves must stay in longer: NCOs, for 10 months and company commanders for 15. After completing their brief basic military service, the reservists are repeatedly called back for military exercises. How decisive a factor mobilization time can be for Sweden in time of crisis is evidenced by the fact that its standing peacetime army numbers only 60,000 men but that it numbers 850,000 (or 10 percent of Sweden's population) including the home guard at maximum strength.

The relatively high cost the Swedes are prepared to pay to maintain and finance their overall defenses—almost four percent of GNP is being spent on defense—is closely tied to the Swedish conception of armed neutrality. "During peacetime we are free of alliances so that we can remain neutral in case of war," Sweden's Foreign Minister Lennart Bodstroem explains. "No country should harbor the hope that we would stand at its side in case war broke out." By the same token, Bodstroem adds, no country need fear that Sweden will oppose it as long as no one violates Sweden's borders with warlike intent. But in order to maintain this position in a credible fashion in a world marked by the East-West conflict and the covert or overt use of military force to achieve one's interests there is a need for a strong defense. "We must be resolved to defend our territory against any invader," says Gen Lars-Eric Wahlgren, the chief of the military command on the island of Gotland (which also includes the city of Visby).

But it is precisely because of such incursions that Sweden and its military establishment has increasingly been in the news in recent years.

When a Soviet Whiskey class submarine (so designated by NATO) ran aground on the rocks close to the Karlskrona naval base in October 1981, this event hit the Swedes like a shock. It suddenly became clear to them how much the interest of both military blocs in the Baltic has grown where the two sides now confront each other, armed to the teeth. The "whiskey on the rocks" incident not only resulted in a periscope paranoia among the Swedish populace. For 3 years now reports by hikers, fishermen, farmers and soldiers have told of sighting submarine periscopes and frogmen. The incident also resulted in an intensified debate on how to prevent such border violations in the future. As a stopgap measure, the navy was given several hundred million kroners more to modernize its anti-submarine capability. "In the seventies, this item was way down on our list of priorities," says Defense Minister Anders Thunborg. "Now it is right at the top of the list." Thunborg gets quite angry when the charge is made that Sweden has no real interest in combating underwater invaders because of its desire for peaceful relations with the Soviet Union. "That is ridiculous," he says. "We cannot and will not let them get away."

Nonetheless, there are substantial differences between the position taken by Thunborg and that of Foreign Minister Bodstroem. Thunborg, who is considered a rightwing socialist, is quite willing to talk about Soviet actions even now after the "whiskey on the rocks" incident. Bodstroem, on the other hand, who is not especially popular with the military, prefers to speak of "underwater activities" which cannot be clearly identified. Among the Swedish public the submarine chases that have gone on since 1981 have resulted in a substantial shift in anxiety. 4 years ago, some 34 percent of all Swedes considered the Soviet Union a threat or at least to be unfriendly. Today, more than 80 percent view the Soviet Union in this light. Based on statements by many military men this change of attitude has also had an impact on the combat readiness of the draftees. "For a long time we were frequently dealing with rather unwilling people," says Maj Stig Nygren of the Gotland military command. "For some time now the soldiers have been ready to do their job again and things have gotten to be a lot easier."

But Swedish territorial integrity is being violated more often by aircraft than by unidentifiable floating objects. According to Brig Gen Anders Sjöberg, the commanding officer of the southern air defense sector, the Swedish air force has identified about 30 instances each year in which some foreign combat planes have violated Swedish airspace. Most of these incidents occur over the southern tip of Sweden where NATO members Denmark and the FRG closely border on Sweden. As soon as the Swedish air defense command reports the approach of a combat aircraft, "Draken" or "Viggen" fighters (both manufactured in Sweden) take off to intercept and photograph the potential or actual intruder.

Likable Gesture

If the jet fighters cannot catch up with the intruders (because such incidents sometimes last only a few seconds) the intruder's radar echo is at least captured on the screen. Contacts of this sort regularly result in protests to the country of origin. According to Stockholm sources, the NATO countries usually submit a formal apology whereas the Warsaw Pact countries either do not respond at all or else state that none of their combat aircraft were in that particular sector at that particular time. Last August, this practice caused some ill feeling between Stockholm and Moscow once again. A Soviet Sukhoi-15 fighter had pursued a passenger airliner all the way into Gotland and in the process had violated Swedish airspace for some 9 minutes. The Soviet reply to the Swedish protest was that the Swedish military must have made a mistake.

In conversations with military officers and politicians one can tell at times that the Swedes do take their defense establishment very seriously but their attitude toward their own defense forces and their constant presence is quite relaxed. Last July for example the air force command made a very likable gesture toward their personnel, allowing a large part of the men of the Northern Sweden defense district to go on vacation. A matter that would have resulted in the appointment of a parliamentary investigating committee in our country the Swedes take care of with a shrug and a smile.

9478

CSO: 3620/204

ECONOMIC

DENMARK

PAPER EXAMINES AGRICULTURAL SECTOR PROBLEMS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Dec 84 p 10

[Editorial: "Development of Agriculture"]

[Text] It is a frequently used delaying tactic in the political decision-making process to wait for data and further analysis and studies. There may be good reason for doing so. But it can also reflect irresolution and frustration over a trend one lacks the courage to halt and/or whose urgency one dares not comprehend. The trend in agriculture is an example of the latter.

No other industry has been as statistically well examined over such a long period of years as agriculture. This applies to production, structure, volume of business and economics in all aspects. No other industry or trade has been made the object of such exhaustive treatment in so many government deliberations and commissions as agriculture. There is absolutely nothing which can take anybody by surprise.

Nevertheless actual trends in Danish agriculture stand in sharp contrast to the usual political understanding of the state and needs of the industry. Even worse is the fact that the strongly politicized legislation relating to the industry is totally out of step with every known fact, even if this is revealed ever so often. Life goes on with the help of dodges. Or in the case of those affected by agricultural policy, with the help of exemptions from policy which have become wider than the law's main provisions.

As BERLINGSKE TIDENDE reported the other day, agriculture is in the process of becoming a spare-time industry. This has been the trend for many years. The most recent report of the economic-statistical department of the Farmers' Association indicates that in 5 years there will be only 38,000 farms with a production large enough to employ one person. The remainder of the approximately 100,000 farms are hobby and spare-time farms. Even today about one-half are hobby and spare-time activities.

The explanation is well known, simple, and inescapable. Thanks to breeding work, the development of strains and new techniques, agricultural productivity is rising sharply, especially when compared with most other industries. Varieties of grain have already been developed whose yield would make this year's record autumn look like a failure.

Above and beyond this trend is a stagnating food consumption and a similarly stagnating number of people to feed. The result must inevitably be fewer farmers to divide the income which the production of agricultural products yields. Indeed the chief basis for today's agricultural support are those restrictions on the industry's natural development which are usually justified politically and are chosen to be paid for yet without being able to halt the trend.

Adapting the agricultural structure is not only a question of farm size and number of people employed. It is as much a question about specialization. Agriculture includes products as varied as Christmas trees, earth worms, beer, hogs, deer, milk, mink and poppies. It is becoming increasingly more difficult in practice just to speak about agriculture. Agricultural legislation, including finances and taxes, should be adapted to the trend which has been in force for some time and should support it.

12789

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ECONOMIC

DENMARK

AGRICULTURAL INCOME REBOUNDED IN 1984 ACCORDING TO REPORT

Copenhagen BERLINGSKE TIDENDE in Danish 10 Jan 85 Sect III p 8

[Text] Danish agriculture as a whole had quite a good year in 1984, it appears from the provisional estimate of the industry's so-called net factor income issued by the Danish Statistical Office. Whereas from 1982 until 1983 there was talk of a drop in net factor income of over 6 percent, in 1984 agriculture experienced an increase of around 30 percent, which emphasizes the fact that several years' economic problems have turned in earnest into increases for the vast majority of Danish farmers. In terms of kroner and ore, we are speaking about a rise of approximately 6.2 billion kroner to a total of 26.9 billion kroner in 1984. While the sales value of vegetable products climbed by 28 percent, an increase of 5 percent was cited for animal products.

In 1984 expenditures on raw and subsidiary materials for agriculture rose by 8 percent. And while foodstuffs climbed by 5 percent, fertilizer registered a rise of 23 percent. Net factor income is defined by the Danish Statistical Office as being the combined sales value, the value of stock and staff shifts plus operating overhead minus expenditure on raw and subsidiary materials, services and production and property taxes.

12789

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ECONOMIC

DENMARK

STATE DEBT APPROACHING HALF TRILLION KRONER

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jan 85 Sect III p 2

[Article by Anne E. Jensen: "National Debt Approaching 500 Billion"]

[Text] The debt is increasing despite savings efforts--and the interest alone on the national debt sucks up all of the government's sales tax income.

The national debt is now over 400 billion kroner--or 84,000 kroner per resident--and during the course of 1985 will approach 500 billion kroner. This appears from a report on the national debt which Finance Minister Palle Simonsen will present to the parliamentary political-economic committee this week.

The domestic national debt in particular is increasing rapidly, while the government's foreign debt decreased slightly last year.

This is due to the restructuring of foreign loans on more favorable terms. Simultaneously, the percentage of dollar loans has been brought down to 50 percent of the debt as opposed to nearly 70 percent at the beginning of 1983. The many dollar loans have been criticized because they are expensive when the dollar exchange rate increases.

The domestic state debt has increased particularly rapidly since 1981/82 and interest on the national debt is burdening the national budget very much.

Despite the fall interest rates, the government's interest costs will increase this year by 4 billion kroner. This means that the government must find savings or increased revenue in at least that amount if the national deficit is to fall as is the government's goal.

The latest estimates from government economists show that the total interest expenses for the national debt will amount to 54 billion kroner in 1985, and the interest expenses thereby constitute a very large item in the overall budget. According to the budget, for example, the government's collective expenses for social security, aid to needy children, medical assistance, welfare assistance, unemployment compensation and government pensions are less than double this amount--specifically, 82 billion kroner in all.

The Danish government bears a heavy interest burden by international comparisons as well.

In recent years, the economic policy in the majority of industrial countries has been oriented toward decreasing the growth of national deficits. But with varying success. It is an exception that the national debt in Great Britain fell relative to overall production, but this was accomplished, among other ways, with the help of sales of nationalized industries.

According to OECD, the Western industrial countries' cooperation organization, Italy and Belgium have a larger relative interest obligation on the national debt (viewed in relation to production) than Denmark, but Denmark is high on the list. This is due not only to the fact that we have a large national debt which has increased extremely rapidly since the end of the 1970's. It is due as well to the high rate of interest in Denmark.

The national debt in Japan also has grown in a similar fashion as in Denmark --from 12 percent of overall production in 1970 to 67 percent in 1983. According to OECD's reports, the corresponding figures for Denmark are 11 and 63 percent, respectively. But whereas the interest burden in Denmark is 10 percent, in Japan it is less than half that. Interest rates in Japan are much lower. That is related among other things to the fact that Japan for many years has had a foreign trade surplus. The high interest rate in Denmark arises out of precisely that foreign deficit. Therefore, a reduced balance of payments deficit would work toward lowering the government's interest expenses.

12578

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ECONOMIC

DENMARK

AGRICULTURAL SECTOR SETS EXPORT RECORD BUT CRISIS REMAINS

Fifteen Percent Increase in 1984

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jan 85 Sect III p 3

[Article by Bo Jorgensen: "Record Agricultural Exports"]

[Text] Preliminary reports show a 15 percent increase in 1984--to 44 billion kroner--in exports of Danish agricultural products.

The board of directors of the Danish National Farmers' Union decided at a meeting prior to the weekend to strongly urge the government and Parliament to come to the aid of the most severely economically situated farmers, in part by means of extending the guarantee arrangement under the rules relating to debt reorganization, and in part through enactment of a tax law which would make it possible to achieve a greater degree of self-financing within agriculture. The challenge must be viewed in light of preliminary reports which show that Danish agricultural exports increased by 15 percent in 1984 relative to 1983. Agricultural products worth a total of 44 billion kroner were exported last year, as contrasted with 1983 exports worth 38 billion kroner. The Farmers' Union recommends a tax reform which will place corporate-owned and privately-owned farms on a parity and which will increase greatly the possibilities for self-financing. The board of directors also visualizes that an extension of the guarantee arrangement under the rules for debt reorganization will make it possible for farmers with near-term debt repayment dates to obtain instead a so-called annuity loan with a 20-year amortization. The farmers also believe that it is realistic to issue a special series of bonds without any repayment obligation which could encourage new investments in agriculture.

"The export figures for 1984 show almost more than ever how great the social significance of Danish agriculture is," H.O.A. Kjeldsen, the chairman of the board and owner of a large farm, told BERLINGSKE TIDENDE. "Unfortunately, we must still recognize that there are thousands of farmers around the country who are having economic difficulties. They are burdened by all too high interest payments because the capacity for self-financing within Danish agriculture has been all too limited for a number of years. Danish agriculture has a production apparatus which must be protected. Therefore, we now are turning to the politicians to make it economically possible to increase exports of Danish agricultural products even more, continuing into the future as well," H.O.A. Kjeldsen says. In addition, the Common Market

problem was discussed in light of the negotiations in the European Parliament on the long term aspects of Common Market agricultural policies which begin anew on Monday. "In the future we can only expect limited price increases for agricultural goods, and in the coming years we will begin to compete within the Common Market respecting who is to produce foodstuffs," H.O.A. Kjeldsen states.

Paper Urges Government Action

Copenhagen BERLINGSKE TIDENDE in Danish 21 Jan 85 p 8

[Editorial: "Dynamic Agriculture"]

[Text] There was much praiseworthy realism in the views expressed by H.O.A. Kjeldsen, president of the National Farmers' Union, in an interview on Saturday in BERLINGSKE TIDENDE. For several years, agriculture has been dominated by a development toward fewer farms and larger and more specialized units. This development is accelerating particularly strongly at the moment and will increase even more in the coming years. There has been talk about agriculture's third wave--with the overthrow of feudalism and the cooperative movement as the first two. Already today, nearly half of the approximately 100,000 farmers are spare-time farmers. During the course of the next five years, the number of full-time farmers is expected to be down to 35,000, and the farmer council's president estimated here in this paper that there would be about 30,000 full-time farmers in the year 2000.

Behind this development, there is an especially strong increase in productivity made possible by new techniques and new knowledge with the fields of both crop and animal production. Utilization of existing knowledge is further encouraged by the economic press. As a result of the press of costs, fewer farmers are forced to produce more and more for unchanged prices. Unchanged or even falling prices are the realities to which agriculture realistically can look forward. As a result of negotiations last week concerning Common Market agricultural prices for the coming years, price reductions will occur as respects several types of commodities.

In this situation, the farmer council's president implored Parliament for help and understanding. There is a need for increased possibilities for self-financing, a further decrease in interest rates and a solution to the special problem represented by agriculture's large percentage of the fixed-interest loans among real estate lenders. Additionally, a liberalization of agricultural laws, the withdrawal possibilities for older farmers and the possibilities for channeling farmers into other occupations are needed.

It is obvious that a large portion of the laws which form the basis for agricultural financing and infrastructural development are completely out of stride with the actual development in the business. There is a clear message which comes from just the fact that over half of the farmers need to obtain variances under the law from the various government offices in Copenhagen. Parliament also is procrastinating as respects agricultural financing reform. It is almost as if one does not really dare confront the facts and adapt realistically to the inevitable. It is as if the many existing part-time farmers and general oldtimers can continue to block politically the necessary changes.

A modernized law and agricultural structure must have their starting point in the classification between full-time and part-time farming. The two types of farming have an increasingly thin common interest. Society could benefit greatly if the law became more directed toward creating development possibilities along different paths. The development under way in agriculture also involves issues of environment, demographic patterns, local development, delivery of public services, business development and others. There is good reason and a factual basis for requesting the politicians to assume joint responsibility.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

'NEW POVERTY' OF WELFARE RECIPIENTS, JOBLESS DETAILED

Hamburg DER SPIEGEL in German 24 Dec 84 pp 52-69

[Article: "No Money, No Fun, Why Go On Living?"]

[Excerpts] In West Germany, one of the richest countries in the world, there is social misery nonetheless. As a result of the Bonn economy drive, most of the unemployed today receive less assistance than even two years ago. More than 1.8 million unemployed receive nothing from the public employment agency. Despite this, the social security offices of the counties and communities, last resort of the welfare system, now are cutting assistance for the poor, also.

Since a few months ago, the phenomenon has a name: DGB vice chairman Gerd Muhr spoke of "new poverty" at a press conference in July. But the extent and drama of this new poverty so far seems to have escaped both citizens and politicians.

Poverty--for a long time now, this has not just been a problem of small pensioners, people needing care and attention, and "peripheral social groups" as defined by the official government BONNER ALMANACH in 1978: "The homeless, non-residents, derelicts, prisoners released from jail, young people disturbed in their development."

Mass unemployment lasting for more than a decade, which so far--at least temporarily--has touched almost 13 million people, together with noticeable cuts in unemployment assistance has caused "a new form of poverty in the history of the FRG," the poverty of the unemployed, according to the DGB.

It appears that the information level of many FRG citizens is still determined by the social reforms of the beginning of the seventies, when Bonn governments enacted laws which guaranteed up to 68 percent, but at least a minimum of 58 percent, of their last "net wages" to the unemployed and opened up generous retraining and continued education possibilities--achievements which were criticized only because they could be abused as a "social hammock" (Hans-Dietrich Genscher).

But even if worst comes to worst, many ask themselves if the unemployed don't at least have a legal right to social assistance which will enable them to lead a "life in dignity", which the Federal Government advertised for years with the slogan: "No one falling on hard times is dependent on charity."

Christian Democrat Kurt Biedenkopf informs the FRG television audience that "actually, no one can drop" below the level of social assistance; "with social security, they don't have to go hungry."

Meanwhile, the situation looks different to experts. The DIAKONISCHE WERK in Hamburg reports that misery is growing, "as frightening as unemployment." The journal DER SOZIALARBEITER confirms that "overt and covert poverty" is growing in the FRG "to an alarming extent."

Compared to the rest of society, the families of many unemployed--during the term of office of Family Minister Heiner Geissler--are worse off than ever since enactment of the Bonn works development law of 1969.

A number of changes in the law--seemingly undramatic in detail and hardly noticed by the public--together with constant postponement of urgently needed adjustments of the law caused a social landslide during the last months of the Schmidt government, but particularly since the beginning of the Kohl era:

An ever growing number of unemployed receive ever less assistance--at last count, the amount of unemployment compensation paid out was not quite DM 960; thus it has dropped below the level of 1982 (DM 975).

More and more unemployed--at present over 1.8 million, more people than Hamburg has inhabitants--do not get any assistance from the public employment agency; therefore, they must depend on their savings their relatives, or social assistance.

More and more people entitled to social assistance must make do with amounts which for years have not been adjusted sufficiently to the rising cost of living, or else refrain from going to the authorities to claim their legal rights because of shyness or harassing attitudes by officials; only every second rightful claimant so far utilizes the social assistance office.

Hamburg senator for social affairs Jan Ehlers (SPD) attributes the fact that the "process of social decay" has remained almost unnoticed for so long primarily to the "almost nonexistence of a lobby for the poor." Another factor is that those hit by unemployment poverty usually do not tend toward spectacular protest, quite different, for instance, from the student body outraged by cuts in the BAFOeG [Federal Law for the Advancement of Education].

On the contrary: This new, "totally different quality of poverty" in many cases "is being covered up by those concerned, is played out behind closed doors", according to Manfred Schaub, Hessian state manager of the work group "Soziale Brennpunkte" [Social Focal Points] which, among other things, cares for the homeless.

According to Duesseldorf Minister President Johannes Rau (SPD), the new poor "are a forgotten million of the hopeless," with whose misery only few outsiders can empathize.

Rau asks, "who of us tries to picture how one can live in our cities on DM 550 a month? Do we realize what it means to live for many years on the edge of attachment proceedings?"

Many become aware of the "new poverty" only when they themselves are hit by it. "Due to my situation," says a 44-year-old unemployed woman hairdresser from Frechen near Cologne, "I have been confronted with this poverty for the first time. And I am surprised that there are still so many poor people. While one is well off oneself, one really pays no attention to it."

Hans Joachim Kuhn of the Duesseldorf "Arbeitslosen-Selbsthilfe" [Self-help for the unemployed] noted that "the number of unemployed with pressing financial problems" is growing alarmingly. "many," says Frankfurt social worker Schaub, "run out of money by the fifteenth of the month. So then they dump Whiskas or Schappi [cat and dogfood] into the pan."

Many people sooner or later no longer have enough money to pay the rent. A study by the Evangelical Church shows that, especially in the cities, "the number of registered eviction cases is soaring."

Whoever has not paid rent for two months--perhaps because the application for benefits was not being given any attention at any office--can be given immediate notice.

If social workers fail in mediating between renters and landlords, the city administrations must put the families of the unemployed in emergency quarters or cheap "pensions."

Experts see in mass unemployment the major reason for the fact that the number of homeless in the FRG has doubled since the seventies to about 200,000, which is also proven by a study done by the University of Bamberg. Furthermore, about half a million people live in so-called minimal apartments.

The search for the causes of this new poverty leads deep into the jungle of West German social legislation, a jumble of clauses with which Bonn in recent years has updated the Work Advancement Law of 1969. Cutbacks were made:

--in unemployment payments (Alg), an insurance performance which is paid out for a maximum of 1 year--only the unemployed elderly will shortly receive unemployment benefits up to 18 months--and to which premium payers have a legal claim even if they have savings or property, and

--in unemployment assistance (Alhi), a social service benefit paid out without time limitation, for example for those unemployed whose unemployment benefits have run out; unemployment assistance is given only to those who are considered "needy" according to the strict standards of the legislator.

The situation of the unemployed has deteriorated during recent years in two respects. Since, as a rule, unemployment payments run out after 1 year, while the percentage of those who are without work for more than a year has quadrupled since 1975, a growing number of unemployed must make do with the smaller unemployment assistance (see table at end of article); during the past 10 years the number of registered unemployed receiving Alg has dwindled from 77 to 35 percent.

Also: Overt and covert interference with social legislation has brought about the fact that today, less unemployment payments and unemployment assistance are being paid per capita than even 2 or 3 years ago.

Already in early 1982, under the impact of a DM 8.3 billion deficit at the Federal Labor Office, social liberals busied themselves with cutting back the insurance system dating back to the days of full employment.

Since the so-called "Operation '82", only those have a claim to unemployment benefits who were employed and liable to contribution for at least 12 months during the past 3 years (formerly, 6 months). Unemployment assistance is given only to those who paid contributions for at least 150 days (formerly, 70 days).

Since "Operation '82," overtime payments and Christmas and vacation money also are no longer taken into consideration in computing assistance payments. Since that time, Alg payments amount to only about 61 percent of the last net salary instead of the nominal 68 percent.

The latest economy drives are especially hard on apprentices who are not being taken on by their training firms.

Previously, the "net salary" of this group was computed on the basis of 75 percent of the theoretically attainable starting salary in their occupation; now the work administrators calculate it on the basis of 50 percent.

At the beginning of 1984 Alhi, which is already lower and on which a growing number of long-time unemployed must depend, was also cut back. Bonn shrank the present standard rates--nominally 58 percent, in reality 52.4 percent of the last net income--for the childless, three-fourths of all recipients, to nominally 56, in practice 50.6 percent.

Although the amount cutback, on an average DM 27 per month per household, only seems like a moderate tip to many an FRG citizen, for most of the 600,000 West Germans receiving Alhi at this time--on an average, DM 790 per month during the middle of 1984--such amounts are not a trifle.

Also poorly off are unemployed teachers; their number is estimated at 60,000 although only 25,000 are registered at the public employment agencies. They are not entitled to the Alg insurance payments since during their training period, unlike apprentices, they did not pay contributions to the unemployment insurance. At the beginning of the year, the meager Alhi assistance was cut back radically for single teachers from 43.5 to 26 percent of the original net starting pay.

Since January, unemployed childless teachers receive only the lowest Alhi rate of nominally 56 (instead of 58) percent. It is no longer based on three-fourth of the net starting salary for teachers, but only on 50 percent; the net starting salary incidentally, was cut by 7 percent at the end of this year.

If the income of spouses, parents or children is above certain guidelines, the assistance is either cut or eliminated completely. As stated in an official leaflet, the unemployed can "basically and reasonably" be expected to file an action for support against his relatives.

According to Juergen Reinhardt, section chief of the Hanau public employment agency, in reality "it is rare that people sue their relatives"--one of the major reasons that thousands have to live on much less money than official data would indicate. "Especially in this area," says Hannover social worker Hermann Kant, "situations of great distress arise."

At present, Alhi-payments are being cut everywhere with the help of a trick, as rigorous as the proof of need which is breaking up families, called "unemployment assistance slide" in official jargon.

Albert Hoffmann, 52, unemployed bookkeeper in Duesseldorf, was also put on this "downslide." Until his dismissal because of an economy drive, Hoffmann had easily earned DM 2,200 net, "a good income" at the time for the single man. He received DM 1,400 until February of this year, then the employment office downgraded him to only DM 1,100.

The reason: The assessment basis, which rose to DM 4,800 because of index-linking, "is no longer attainable" for him in today's labor market. Hoffmann intends to file suit before the Duesseldorf social insurance tribunal: "With DM 1,400 I managed to keep my head above water, but with these cutbacks they can drive one to despair."

Yet Alhi recipients like Hoffmann are so much better off than the 1.8 million people who, despite being out of work, receive no assistance at all from the public employment agency. Among them are:

--more than 800,000 people who, although registered at the public employment office, "fell outside the system," primarily because of "unfulfilled training service" (particularly university graduates, high school dropouts, foreigners and housewives) or because of a "lack of need" (especially the elderly, wives, the handicapped and those with low qualifications), as well as

the "silent reserve" of an estimated million unemployed, who at present no longer expect assistance or help in finding a job, or, if they do show up, are not even recognized as unemployed in the meaning of the law--housewives looking for part-time jobs who turn down full-time jobs offered to them by the employment office, pensioners who wish to continue working because of low income, foreigners from non-EEC countries who, after more than one year of

registered unemployment, are considered unplaceable, or young people who are looking for vocational training but not a job yet.

Overly represented in the group falling outside the system are jobless wives who, as long as their husbands are still earning money, are usually not considered needy. Of married women who have been unemployed for more than a year, 81 percent receive no employment assistance whatsoever.

The reason for the increased shut-out of women is a scandal which so far has hardly been acknowledged by those making social policy: in the proof of need test, the spouse's income, with the exception of a minimal free amount (DM 75 per week, plus DM 35 for every child being supported), is set off in full against the unemployment assistance. Would you believe, though, that these free amounts have not been adjusted in 15 years to the development of the cost of living.

For the unemployed who receive either no money at all from the public employment offices, or not enough to live on, the social welfare offices of communities become more and more the last resort, the lowest stage of the social safety net in the FRG.

Thus "new poverty" has brought about an unprecedented redistribution within public finances: while the Federal Government has eased its own position and that of the employment administration through economy drives, those turned away by the public employment office storm the social welfare offices of the communities, which are already financially weak.

Hamburg's social senator Ehlers states, "the problems of national poverty are being communalized." In the opinion of the SPD, the Federal Government "is carrying out the same unfortunate policies which we experienced once before at the end of the era of the Weimar republic: the unemployed and the communities are systematically being driven into poverty."

In fact, the Weimar national governments had reacted to mass unemployment at the time along the same principle as the Bonn government--with economy drives and stricter proof of need. When the unemployment insurance was finally rehabilitated in 1933, millions of unemployed were ruined: in the end, the national government had excluded 62 percent of all jobless people.

Social experts consider a parallel development possible. The FRANKFURTER ALLGEMEINE reported that even today there is talk in Bonn "of an efficiency potential especially in office jobs," which "must be estimated at 2 million jobs during the coming years." "This means in fact," the newspaper reasoned, "2 million unemployed--on top of the present 2.2 million."

If the Bonn "sandbox games" (FAZ) are even half realized, the vision of the impoverishment of communities would not be an exaggerated picture of horror.

Even today, communities notice a "dramatic development" in welfare for the poor, according to Cologne's social department chief Lothar Ruschmeier. "I

fear that we shall reach very soon the limit of the burdens we can carry," says Ruschmeier.

One-fourth of all unemployed already apply at city hall for so-called aid for living. In cities with high unemployment, such as Dortmund and Berlin, the jobless constitute already more than one-third of all clients of the social welfare office (see chart II at end of article).

No one had foreseen such a development when the Federal Social Assistance Law (BSHG) was enacted in 1961, the benefits of which were intended to provide for society's outsiders, such as beggars and railroad bums. Walter Schellhorn, manager of the "Deutscher Verein für öffentliche und private Fürsorge" [German Association for Public and Private Welfare], recalls that "social assistance was considered a matter that would taper off for the few homeless who had not yet been integrated."

At the beginning of the 60's, no one could foresee that at a later date the communities would have to supply large sections of the population--at present, about 2.5 million people--with food and clothing. Mass unemployment has exploded the social budgets of the communities. While in 1970 about DM 3.3 billion were spent on social assistance, the amount skyrocketed to roughly DM 18 billion by 1983. The Deutsche Staetdtetag expects it to be more than DM 20 billion for this year.

Berlin social senator Ulf Fink (CDU) announced that his office "had been able to win" almost 18,000 recipients of social assistance for community-related work--small wonder. Those who refuse lose social assistance as punishment. According to Fink, about 1,000 needy persons had refused the demand and had voluntarily waived the assistance. Relief for the Berlin social budget: DM 2.4 million.

Such harassment gets results. A poll done for the Bonn family ministry showed that of 100 persons entitled to social assistance, only 52 claim their right to state support.

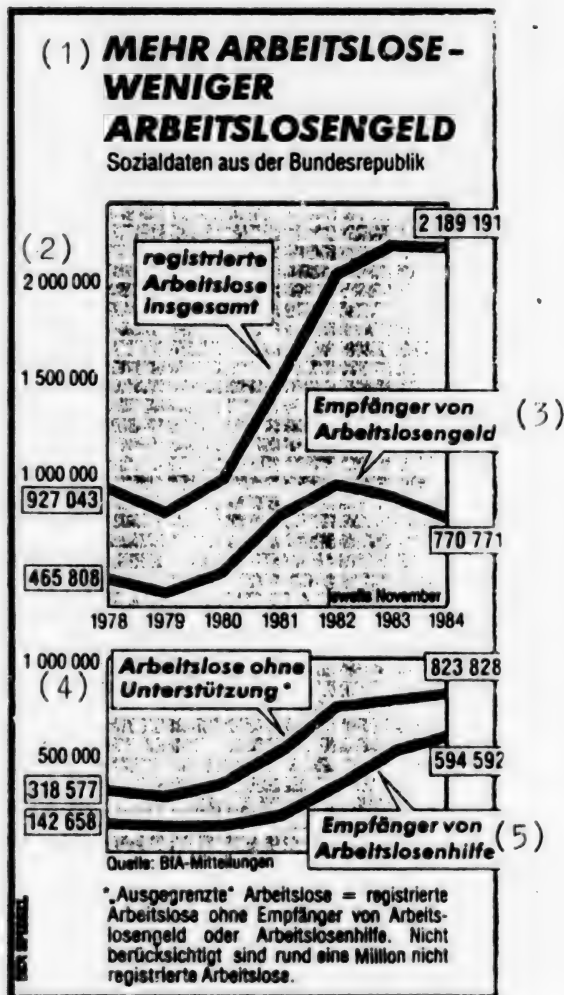
"The others," says Frankfurt social worker Schaub, "quietly withdraw from life." Be it because of pride or shame, fear of discrimination or compulsory work, "many people want to have nothing to do with public assistance and welfare," states the manager of the Siegen social welfare office, Horst Fischer.

But since the social assistance costs of communities continue to rise due to the persevering mass unemployment--despite all efforts to shift the social risks to the individual and his family members--the cities do not want to limit themselves to cutting back special aid for rent and clothing.

Local official associations are also looking for ways to save on the so-called regular maintenance rate for the "aid in living," which up to now was considered the keystone of the FRG social assistance system. The national average of the

(1) CHART I: MORE UNEMPLOYED--LESS UNEMPLOYMENT PAYMENTS

Social Statistics from the FRG



- (2) Total of registered unemployed
- (3) Recipients of unemployment payments
- (4) Unemployed without benefits*
- (5) Recipients of unemployment assistance

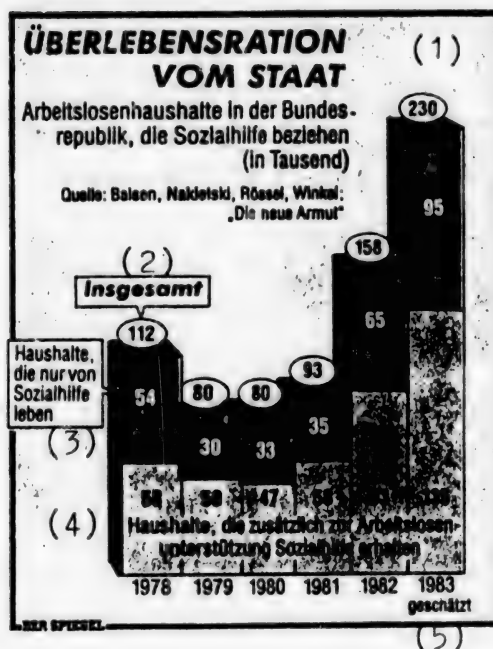
Source: BfA-Mitteilungen

* "Excluded unemployed = registered unemployed excluding unemployed receiving unemployment payments or unemployment assistance. Not included are about 1 million unregistered unemployed.

(1) CHART II: SURVIVAL RATION BY THE GOVERNMENT

Households of unemployed in the FRG, receiving social assistance (in thousands)

Source: Balsen, Nakielski, Roessel, Winkel: "The New Poverty"



- (2) Total
- (3) Households living only on social assistance
- (4) Households receiving social assistance in addition to unemployment benefits
- (5) Estimated

basic rate is at present DM 356 per month for the head of household--and thus lies 30 percent below the subsistence minimum, as experts have computed.

Practitioners in FRG offices already think they know what will happen if those politicians win who want to make cuts even in the regular maintenance rate: they fear that thousands and thousands of citizens will be pushed into a life of crime.

"Because the money is not enough to live on," says Helmut Speck of the Karlsruhe social assistance office, social assistance recipients "would have to move ever farther away from the legality of social assistance by taking on little side jobs in order to manage to live."

Speck: "They simply have to commit social assistance fraud."

9917

CSO: 3620/202

ECONOMIC

TURKEY

ANALYSIS OF 1985 LEADING ECONOMIC INDICATORS

Istanbul DUNYA in Turkish 15 Jan 85 p 5

[Article by expert economist Ercan Enc: "Turkish Economy in 1985: Inflation"]

[Text] Since the two indicators on which the Ozal administration places the most importance among the various indicators showing the state of the economy are the rate of inflation and export growth, 1985 is going to be a critical year. The rate of inflation was 25.2 percent in 1982, 30.6 percent in 1983, 57.5 percent for the 12-month period ending November 1984 and 50.9 percent for the 11 months. It was estimated that the mid-year average would be around 45 percent and the target for 1985 was a decline to 25 percent (Wholesale Goods Price Index, State Institute of Statistics). Exceeding the 25 percent projected for 1984 is linked to the pressure from demand, the rise in costs of industrial products, the belated implementation of price adjustments and imported inflation ("Fiscal 1985 Budget Rationale," Ministry of Finance and Customs). The projection for exports, estimated to be \$7.3 billion in 1984, is a rise of around 15 percent to \$8.385 billion. In other words, the share of exports in GNP in dollars, 11.2 percent in 1983 and 15.3 percent in 1984, is expected to rise to around 18 percent in 1985.

A. Foreign Economic Activities and Inflation

There is an obvious cost inflation caused by rising prices of Turkey's imported goods stemming from both foreign inflation and devaluation of the Turkish lira. The rate of inflation stemming from imports may be computed by this formula:

$F(i) = (F(k) + F(d)) r$, in which $F(i)$ = inflation rate stemming from imports
 $F(k)$ = percentage of increase in foreign prices of imported goods
 $F(d)$ = rate of devaluation of Turkish lira
 r = imports/GNP

The import price index, in dollars, was 100 in 1973 and rose to 360.3 in 1982, but declined by 10 percent to 323.8 in 1983 and by 1.7 percent to 318.2 by the end of September 1984. This decline in foreign prices of import goods with its subduing effect on the inflation rate stems from, essentially, the decline in oil prices and depreciation of other foreign currencies against the dollar. The increase in prices of imported goods denominated in European currencies is whittled down when these prices are expressed in dollars. For this reason, the size of $F(k)$ in 1985 will depend on oil prices next year, depreciation of European currencies against

the dollar and the rate of inflation in these countries. Bearing in mind all of these variables, it would not be inappropriate to think of the value of $F(k)$ for 1985 at around 5.

The dollar, worth 132.3 TL [Turkish liras] at the end of 1981, rose to 184.9 TL at the end of 1982, 280 TL at year's end 1983 and 435 TL by mid-December 1984. This being the case, the Turkish lira depreciated 39.8 percent against the dollar in 1982, 51.4 percent in 1983 and 55.4 percent in 1984. Price increases in those same years, meanwhile, were 25.2 percent, 30.6 percent and 45 percent respectively. The respective increase rate in exports was 22.2 percent, -0.5 percent and 27.4 percent. As to the rate of foreign exchange in 1985, that will be determined by the domestic inflation rate and the rate of export growth we strive for. Despite the 50.9-percent price increase at the beginning of the period in 1984, Turkey let the rate of foreign exchange fall 55.4 percent to 5 points over that and, harnessed to realization of the \$7.3 billion estimate, raised exports 27.4 percent by the end of the period. Doubtless, fictive exports accounted for some of this increase. Though definite figures on fictive exports are not known, it can be said that the actual increase in exports was no less than 20 percent. Moreover, nearly half of the 27.4 percent rate of increase in exports came from price increases on exported goods. One may safely say that some of the nearly 15 percent export growth projected for 1985 will also come about through increased prices on exported goods. Nevertheless, since it is known that some of the increase in export prices will come from fictive exports, the rise in prices of exported goods in 1985 should not be expected to be very significant. There are two problems involved in raising Turkey's exports to the \$8.385 billion projected. First, exporting 20 percent of GNP is hard for a country of Turkey's proportions. This rate represents a limit. Turkey is pushing the limit to which it can increase exports without raising production.

The second problem is in lifting the tax rebates on exports and accepting the route of increasing exports through exchange rate adjustments along the lines of IMF projections. We do not think the tax rebate will be totally discontinued in 1985. Nevertheless, improving the declining rate of exchange does seem necessary. Considering that there will be no significant effect in 1985 from acceptance of exporting and importing in Turkish liras for certain goods and countries, it seems necessary for Turkey to go to an exchange rate adjustment, at the most optimistic estimate, of 10 points over the rate of inflation. Assuming that the inflation rate for 1985 will be 25 percent, one must expect the dollar, equivalent to 435 TL today, to appreciate 35 percent to 585 TL by the end of the year.

One must not forget that this rate of variation in the foreign exchange rate is the most optimistic estimate and that a 25-percent rate of inflation is an assumption. Under these circumstances, $F(d)$ for 1985 is 35. If we exceed the projected rate of inflation, this value will inevitably be higher and the dollar may rise to 600 TL by the end of the year. Meanwhile, r for 1984 is 21.4 percent. Assuming that the dollar value of GNP will continue to decline in that imports will rise 6.8 percent in dollars and GNP 5.5 percent in Turkish liras, the imports/GNP rate for 1985 may be predicted at around 25 percent.

If one plugs 0.05 into the above equation for $F(k)$, 0.35 percent for $F(d)$ and 25 for r , $F(i)$ will be 10.

If one bears in mind the inflationary effect of increased exports, the deflationary effect of reducing the foreign trade deficit, the inflationary effect of rising foreign exchange reserves, foreign exchange rate variations and inflation elsewhere in the world, there is a minimum, ready-made, unavoidable 10 percent inflation stemming from Turkey's foreign economic relations. This rate is the direct effect of these procedures, disregarding the effects of price increases in both imports and exports on prices of similar goods produced and consumed at home. The 25-percent inflation target can be achieved only by keeping price increases stemming from internal economic activities at a maximum limit of 15 percent.

B. Domestic Economic Activities and Inflation

1. 1985 is the year of the VAT. The value added tax will clearly have an inflationary effect, which though a one-time affair will occur in 1985. Authoritative organs are saying that prices of some goods will increase, but others will be lower as taxes are removed or reduced. The statement is partially true. But the modern economic theory that prices go up, not down is another truth that enjoys wide acceptance. Especially in an inflationary climate must one not expect price reductions beyond fluctuations caused by short-term speculation. Perhaps certain prices for goods produced by the public may drop a hair temporarily, but one must consider how much the public can afford to give up a resource it already has. The scope, exemptions and exemption rates of the VAT have not yet been made clear. If, for all these reasons and by an optimistic estimate, one were to assume that the value added tax would lead to an economy-wide price increase of 5 percent, this would mean another ready-made, unavoidable inflation of 15 percent in 1985. Is it possible to halt price increases stemming from other economic activities at 19 percent?

2. 1985 Budget and Inflation (The figures in this section were either taken directly from "Fiscal 1985 Budget and Rationale," Ministry of Finance and Customs, or were derived by us from figures appearing there.)

The initial appropriation in the 1985 consolidated budget is 67.7 percent higher than 1 year previously, pegged at 5.508 trillion liras. This amount is an increase of 26 percent over the 1984 final appropriation. Consolidated budget final appropriations as compared to initial appropriations have risen at the rate of 14.9 percent in 1982, 27.8 percent in 1983 and 32.9 percent in 1984. Assuming a 25-percent increase, year end appropriations in 1985 will amount to 6.885 trillion liras, in which case the consolidated budget final appropriations will be 57.7 percent higher than in 1984. Whether you look at initial or final appropriations, the budget takes an increasing share of GNP. This share, based on initial appropriations, was 18.8 percent in 1984 and 25 percent based on final appropriations. The increasing share of state spending in GNP would create inflationary pressures based on demand even if the budget were balanced. Moreover, the budget deficit, at 1.9 percent in 1983, rose to around 2.2 percent in 1984. A further increase in the deficit must be expected in 1984. The largest spending item in the budget is 42.7 percent for transfers. Included in this item is 771 billion liras for payments on foreign loans. The average foreign exchange rate assumed for these sums is 475 liras.

Our prediction, by an optimistic estimate, would be an average foreign exchange rate at 510 liras. Moreover, if payments are concentrated in the second half of the year, the average exchange rate at which foreign loan payments will be made will be 550 liras. In this case, a minimum increase in the above item of 15 percent would appear necessary. Investment appropriations were allocated 1 trillion liras. Still keeping the foreign exchange rate lower than it should be will result in either blowing this item out of proportion or failure to realize investments at the level desired. Demands on Central Bank resources will be increased as a result of the financial difficulties that the public sector will face in that collective contracts for 600,000 workers in the public sector are up for renewal during 1985. On the other hand, 1985 revenues are supposed to be 59.2 percent higher than last year. Tax revenues, the largest item at 65 percent of consolidated budget revenues, are supposed to have a 45 percent increase. The increase that 25-percent inflation and 5.5-percent GNP growth are expected to generate in tax revenues is around 26 percent. It seems impossible that the value added tax, which replaces the ones discontinued, would generate an additional resource because it will be the first year of implementation. If one were to consider the 5-percent reduction in income taxes, a 45-percent increase in tax revenues becomes an overly optimistic estimate. The rate of tax increase in 1984 was 26.6 percent despite a much higher rate of inflation. It would also seem impossible for domestic borrowing to double to 500 billion liras considering the difficulty in coming up with 250 billion liras in domestic borrowing in 1984 and while there is a question of selling certain of the state economic enterprises in 1985. The funds obtainable from the sale of public enterprises and certain public properties must be greatly exaggerated. Juggling interest rates or employing psychological factors to increase savings on the theory that savings are an income-enhancing function is not going to work more than marginally. Variations of this kind will, at most, lead to the shifting of savings from one alternative to another. It may be that the public will be able to acquire any meaningful fund only at the expense of bank deposits. For all these and similar reasons, it is clear that the budget deficits are going to increase.

It is said that the banks had a profitable year in 1984 with profits of 200 billion liras. The banks are known to have held back credits which they represented as paid off and reissued. This is not something that could go on forever as it indicates a higher volume of both deposits and credits than exists. The time is coming when the wheel of fortune will stop spinning for the banks -- at least some banks. It is for these reasons that the conversion of bank deposits into public funds is causing greater problems for another sector of the economy, the banking sector. We would hope, for this reason, that emission increases would not be stepped up to fan inflation in 1985.

Conclusion: Turkey is entering 1985 with a ready-made inflation of at least 15 percent. The expanding budget, the growing budget deficit, inflation stemming from costs and emission increases of which the private sector will be the source are all inflationary pressures, the sum of which it does not seem possible to limit to 10 percent. We, therefore, consider the reduction of inflation to 25 percent in 1985 as nothing more than a good idea. Despite this, and because of it, we must count it a success if inflation is reduced to between 35 percent and 40 percent.

ECONOMIC

TURKEY

OZAL 1985 POLICY TO FORGE WITH STABILIZATION

Istanbul DUNYA in Turkish 15 Jan 85 p 1

[Editorial in the column "Daily": "Ozal's Policy"]

[Text] Prime Minister Turgut Ozal, in announcing the launch of "summit" talks with professional organizations, stressed that priority would be placed on 1985. "In addition to a review of 1984 from their standpoint, we will be exchanging views on what must be done for 1985," he said.

Prime Minister Ozal's approach gives the impression that economic policy is open to revision. We must not get carried away on this, however.

The basics of 1985 policy have been set forth in the program and budget. These offer proof that no change is under consideration in the principles of the policy to be pursued.

Despite the growing pressure of cost in the inability to control inflation, the government continues to see demand inflation as the essential danger. The growing cost pressure stemming from exchange rate and interest policies, meanwhile, is assessed in the framework of establishing balance between Turkish and world prices. It believes that import competition is the most rational way to stem price increases beyond what this balance makes necessary.

The government has adopted the approach that the balance of payments problem has not yet reached the point to be fully resolved. It maintains that every change made in major policies to bring short-term relief to production, investment and employment problems will be reneging on positive results to be obtained in the long run for temporary gain.

Prime Minister Ozal has argued at every opportunity that even cutting back imports at the consumer goods level to balance foreign exchange in the economy and trying the route of emphasizing import substitution industries or intensive foreign borrowing are not wise. According to Ozal, direct cutbacks in imports mean the restriction of production, investment and employment, that is, impoverishment. As for stressing domestic production of goods being imported, that is a route that has been tried in the past and it does not reduce the need for imports but prohibits exports. Intensive borrowing abroad, meanwhile, is not a route that can be taken without having safeguards for repayment.

The belief of the Ozal government is that the best route to achieving foreign exchange balance requires encouragement of exports and other foreign exchange-earning activities through appropriate policies. Once Turkey's balance of payments is seated on a sound structure, there will be no difficulty in getting foreign credit through ordinary channels. For these reasons, the Ozal government's backing down on implementation of the stabilization measures should not be seen on the agenda.

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ECONOMIC

TURKEY

POLICY EFFORT TO RESOLVE PROBLEMS WITH LIBYA

Istanbul DUNYA in Turkish 15 Jan 85 pp 1, 7

[Text] Ankara (DUNYA) - No definite policy has been set to date in the efforts to resolve the wide range of economic problems between Turkey and Libya. Libya has halted dollar payments of sums owed Turkish engineering firms and made letters of guarantee into a "bargaining" chip in continuing to insist on land appropriations in Turkey for the Turkish-Libyan joint Agriculture and Livestock Company.

In addition to difficulties in the transfer of wages of Turkish workers in Libya, the reimportation to Turkey of heavy equipment no longer needed on projects in that country remains among the important problems.

Most recently, the twelfth session of the Turkish-Libyan Joint Economic Commission, which had been announced for the end of last November, was put off until 1985 and has still not been rescheduled.

Under the guidance of the Ministry of Public Works and Resettlement, three days of meetings have been held with engineering firms and the banks that issued them letters of guarantee to set a definite policy before the meetings of the Turkish-Libyan Joint Economic Commission. The talks, attended by representatives of the banks providing letters of guarantee to the contractors working in Libya and firms that were issued invitations, made an attempt to decide upon the policy to be pursued at the joint commission meetings. The talks -- held the first day with contracting firms working in Libya whose "situation is good," the second day with ones in a "bad situation" and the third day with contractors in a "thoroughly bad situation" -- failed to come up with a definite policy.

The fact that Libya holds letters of guarantee totaling \$772 million, according to the latest figures, reduces Turkey's bargaining power with this country, while Libya halted the dollar payments owed to Turkish contractors last May.

Following the last payment of \$45 million that Prime Minister Turgut Ozal negotiated on his trip to Libya, Libya has been paying Turkish contractors in the country in local currency, and, in response to the Turkish government's demands for compliance with the provisions of the agreement, Libya reiterates the failure to appropriate land for the Libyan-Turkish Joint Agriculture and Livestock Company.

Asserting that the allocation of land for the company was covered by the contract signed in 1981, Libya interprets the failure to observe the contract for 4 years as noncompliance with the agreement. Turkey's ability to press for the back payments due its contractors, meanwhile, seems stymied by the letters of guarantee in Libyan hands.

Concerned circles in Ankara all agree that the possibility of Libya's finding a pretext to liquidate the letters of guarantee provided by Turkish banks constitutes an element of threat for Turkey. The accepted view that has emerged in government circles is that the Turkish banks would be in a difficult spot should this happen and that, to prevent giving cause to the other side, contractors must be helped to conclude their contracts on time.

It has been recommended "unofficially" that the banks not press the contractors for the commissions on their letters of guarantee and even offer them certain "facilities."

Another problem awaiting solution between the two countries is the transfer of workers' wages to Turkey. The fact that only 50 percent of the wages paid to Turkish workers employed in that country is being transferred to Turkey causes conflicts between the contractors and their employees, and these conflicts result in work delays.

In addition to the bank letters of guarantee and the transfer of workers' wages, another important problem is the payment of receivables in oil. Libya wants liquidation because of its declining oil revenues and holds Turkey responsible for doing it this way.

While the government is proposing that the contractors get together and form a company to market the oil, the contractors are telling the authorities that oil marketing is a business that requires special expertise and they have no chance of success.

Meanwhile, the Turkish-Libyan Joint Economic Commission meeting supposed to have been held in November 1984 was postponed to 1985 and no definite date has yet been set.

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ECONOMIC

TURKEY

OZAL MEETS WITH SMALL BUSINESS, FARM SECTORS

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[Text] Ankara (DUNYA) - The first two meetings were held yesterday of the summits it has been decided should be held between the government and the industrialist-merchant, small business, farmer, worker and employer sectors.

At yesterday morning's meeting, chaired by Prime Minister Turgut Ozal, the problems of the trades and crafts sector were taken up. Turkish agricultural committees met with the government in the afternoon.

In a statement at the conclusion of the 3 and three-quarter-hour meeting he chaired between government and Turkish Confederation of Trades and Crafts representatives, Prime Minister Turgut Ozal said, "We had a valuable talk." Confederation president Tiyanan said, "We are pleased with the meeting. We were able to go into our problems at length." Ozal announced that the building belonging to the Confederation of Revolutionary Worker Unions would be turned over to the Confederation of Trades and Crafts. He said:

"We had a valuable talk. We discussed the problems our trades and crafts are having. We are already placing great importance on small industrial complexes. When we find extra resources during the year, we will most likely put them into small industrial developments. We discussed these matters.

"There was a tax exemption in connection with the priority development zones. They asked that it go into effect. Our Ministry of Finance will take care of that with a communique. The amendment to the independent social security law is already in committee in the Assembly.

"The matter of the blocked funds for cooperatives at the Halk Bank came up. They asked that the interest on them be raised a little. We agree that that is reasonable. There was also the question of strengthening the Halk Bank. That is already in our program. They asked that certain measures be taken from the standpoint of not raising prices as regards imports with waivers. We will be reviewing those matters further within our concept of importation -- as regards not raising prices.

"We agreed in principle on establishing a company with our support in which their members will participate to help in obtaining raw materials and marketing for woodwork. Some action will be taken on this by the Ministry of Industry.

"In connection with the VAT, they want to be helpful to the Ministry of Finance and Customs in practice. We will establish some kind of consultation councils in the provinces and capitals in which trades and crafts will participate, as well as the chambers and agricultural chambers."

Husamettin Tiyanan, president of the Turkish Confederation of Trades and Crafts, added that some studies and planning had been done and said they had "received a promise of 5 billion more for stepping up industrial complexes, plus an extra 10 billion resource which means the Halk Bank will be providing a more satisfactory service."

Husamettin Tiyanan Statement

Turkish Confederation of Trades and Crafts President Husamettin Tiyanan pointed out that trades and crafts were the sector worst affected by the economic slump and complained that the number of members forced to close down businesses that no longer supported them had reached alarming figures.

In addition to the inadequacy of credits provided by the Halk Bank, Husamettin Tiyanan spoke of a practice initiated by the Central Bank whereby interest rates on trade credits had increased 4 points.

Husamettin Tiyanan said there had been an increase in the number of protested titles and, contending that this was grounded in the tight money policy, said it was necessary that protested titles be waived.

Osman Ozbek: Fertilizer Must be VAT-Exempt

Speaking during the government-farmer summit yesterday afternoon, Chairman of the Executive Board of the Turkish Union of Chambers of Agriculture Osman Ozbek described the problems of the farming sector.

Indicating that the value added tax would be imposed on fertilizer at a time when fertilizer use was declining owing to higher prices, Osman Ozbek asked that the VAT taken from farmers at the time of the sale of fertilizer be paid back. Ozbek reported that, despite consumption of 8.4 million tons of fertilizer in 1983, consumption in 1984 had been only 7.1 million tons owing to increased prices.

Stating that it was imperative that changes be made in setting the prices on subsidized products, Osman Ozbek argued that cost and price increase indexes should be taken into account in setting support purchase prices. Crop allotments should be paid in advance or, if this was impossible, 50 percent of purchases should be paid in advance and the remainder within 2 months, Osman Ozbek said.

Noting that there were exemptions for agricultural credits in the Ziraat Bank legislation, Ozbek said:

"Our farmers cannot pay their debts because of the high interest on agricultural credits. Interest on agricultural credits should be reduced for this reason. Agricultural credits should be exempt from the Bank and Transaction Tax and all other official fees and duties.

"Agricultural credit limits and investments should be increased also."

Osman Ozbek also called for the discontinuation as soon as possible of the deductions taken from agricultural product exports for the price support stabilization fund and contended that the VAT was like a fine on farmers.

The third of the summits with various sectors will take place this morning with the Turkish Union of Chambers. The government-labor summit, postponed because of the illness of Turkish Confederation of Labor President Sevkettin Yilmaz, will be held on a date to be set later.

Prime Minister Ozal said in a statement following the meeting with the Turkish Union of Agricultural Chambers, "We cannot promise the reduction of interest on agricultural credits. If interest rates on agricultural credits were reduced, credits would rise."

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ENERGY

SWITZERLAND

ENERGY OFFICIAL ON TWO POSSIBLE SCENARIOS

Zurich NEUE ZUERCHER ZEITUNG in German 29 Dec 84 p 23

[Article by Dr H.L. Schmid, science adviser to the Federal Office for Energy Economy in Bern: "Energy Prospects: Risks and Responsibility"]

[Text] Falling oil and gasoline prices, crude oil prices that are not collapsing only because of OPEC production limitations, and rapidly increasing energy and oil consumption in our country characterize the current situation. The energy and petroleum problems seem to be solved, the two petroleum crises and the price jumps forgotten, and the declining oil consumption trends of the last 10 years broken. What are the consequences for our energy policy?

To answer this question, one must assess the risks in our energy supply, above all for supply security, the environment and the political development at the national and international levels. The evaluation of these risks is best based upon energy prospects.

The Swiss Department of Transportation, Communications and Energy and the Swiss Energy Commission (EEK) have published new energy prospects for Switzerland with a view to the parliamentary handling or voting on the nuclear and energy initiatives. Serving as a basis were investigations by the University of Geneva and the Swiss Institute for Reactor Research supported by computer models developed especially for this purpose.

Two Versions for the Possible Trend

The newest prospects (Table 1) shows that in the "high" version, that is, in the event of a thriving economic trend and constant petroleum prices, our foreign dependency in the energy supply can increase from 82 to 86 percent by the year 2000, our petroleum dependency from 68 to 70 percent, and our petroleum consumption from 11.1 million tons to 16.5 million tons, that is, by 50 percent. It is thereby assumed that the existing legal opportunities as intended in the energy policy being pursued by the Executive Federal Council will be better utilized and that a number of measures will be put into effect that were already foreseen in the energy article defeated on 27 February 1983 (above all minimum standards for new structures, the requirement for economic

measures in renovation work requiring authorization, proof of need for new air conditioning, and obligatory consumption-related billing of heating costs in apartment houses).

Table 1. Swiss Energy Prospects According to the EEK

Final Consumption	1983		"High"	2000		"Oil Crisis"
		%			%	
Petroleum products	461.62	67.6	692	70	525	62
Natural gas	44.36	6.5	50	5	48	6
Coal	15.34	2.2	14	1	16	2
Wood	11.19	1.6	13	1	13	2
Wastes	5.16	0.8	5	0	5	0
Electricity	136.69	20.0	188	19	186	22
Long-distance heat	8.61	1.3	25	3	25	3
New energies	-	-	10	1	29	3
Final consumption, Total	682.97	100.0	997	100	847	100

Solar energy, ambient heat and geothermal energy

If, on the other hand, one assumes another petroleum crisis in the year 1990 with a doubling of petroleum prices and subsequent weak economic growth averaging about 0.6 percent annually through the end of this century, then energy consumption in the year 2000 would be 15 percent lower than in the "high" version, and oil consumption would even be 24 percent or about 4 million tons lower. Foreign dependency in the energy area would be stabilized and petroleum dependence would decline further to 62 percent. Still, petroleum consumption would increase by another 14 percent or 1.5 million tons. If the energy initiative had been accepted, then its broad interpretation would have had results through the year 200 comparable to those of the "oil crisis" version.

More Petroleum Crises Possible

The International Energy Agency is reckoning with an average increase in the energy consumption of its member countries of 1.6 percent annually through the year 2000, whereas the overall demand for oil could stabilize. These prospects are based upon the assumption of most countries that there will be a significant increase in petroleum prices in real terms through the end of the century (above all Japan, Canada, Great Britain and the United States, who assume a real doubling of petroleum prices by the end of the century). In view of the currently falling oil prices, the agency is warning in its report against self-complacency and a relaxation of efforts in energy policy to reduce the dependency upon petroleum imports. The long period of a slack petroleum market could be deceiving and the falling petroleum prices could lead to a relaxation of efforts to save and substitute. A renewed increase in petroleum use is to be expected under economic growth and oil price increases that are less than assumed. Additional petroleum crises with dangerous economic consequences are therefore not out of the question if the industrial countries are not successful in stabilizing and in the long term even lowering their demand for petroleum.

The Importance of the Prospects

The value of such prospects is not in the individual figures. Prospects are not forecasts that will come true, or goals that are to be achieved. They always depend upon many uncertain assumptions about the future attendant circumstances. They therefore allow only conditional statements. But the new energy prospects for Switzerland clearly indicate the existing risks for our energy supply: if we can achieve full-employment growth with constant or even declining petroleum prices in real terms through the year 2000 and if a corresponding development sought by all governments also takes place in the other industrial countries, then the resulting increase in the consumption of energy and petroleum could lead to serious supply, ecological or political crises with unforeseeable consequences. The most important task of the energy prospects is therefore not to be "right" but to be early enough in calling the attention of people to possible dangers so that suitable measures can be adopted and undesirable developments can be avoided. The most valuable prospects, then, are precisely those that are not correct because the required decisions were made in time.

In the Service of Supply Security

The two petroleum crises of the 1970's and numerous studies show how seriously energy shortages can affect economic and social trends. The OECD estimated that the petroleum price increases of 1979-80 alone reduced the total real income of the member countries by a total of \$1 trillion or \$1,300 per capita. Studies for Switzerland have also shown that continuing energy shortages can lead to massive damage to prosperity.

In view of these effects of supply crises and in consideration of the international petroleum prospects, an increase of 50 percent in Swiss petroleum imports by the year 2000 as in the "high" version is not acceptable. But supply risks exist not only in the case of petroleum but for all imported energies. To be sure, natural gas, coal and uranium cover a clearly smaller share of our demand than does petroleum; the reserves in existence worldwide will last considerably longer (especially in the case of coal), and other supplier countries are becoming important. Therefore, a moderate diversification through these energies is to be recommended to increase our supply security. Significant progress has already been achieved in this area in the last 10 years, especially as a result of the petroleum price rises. Without a doubt, however, the most secure energy is domestic and saved energy. They deserve priority support from the point of view of supply policy.

Unacceptable Environmental Strain

The new energy prospects are just as unacceptable from the standpoint of environmental protection as they are from the point of view of supply security. All energy use puts stress on the environment. In the foreground in the burning of fossil fuels are emissions of varying strengths depending upon the energy source (above all CO₂, CO, SO₂, NO_x and hydrocarbons as well as lead from road traffic) Every utilization of energy results in waste heat. Radioactive wastes arise in nuclear reactors.

Without special environmental measures, an increase in the demand for energy as in the "high" version would lead to an untenable strain on the environment. The CO₂ emissions would increase by 50 percent (Table 2). A similar trend worldwide could have long-term catastrophic effects on the global climate. Even if one assumes that by the year 2000 in our country only passenger cars with catalytic converters will be allowed and that the sulfur content of heating oil will be further reduced, a clear reduction of emissions (by about 30 percent by the year 2000) would be achievable only for SO₂ and hydrocarbons. The discharge of nitric oxides at the end of the century would be just about as great as it is today. In contrast, the September 1984 report "Dying Forests and Air Pollution" of the Department of the Interior calls for air quality like that of the 1950's, that is, a reduction of NO_x emissions by 70 to 90 percent compared to today and a reduction of SO₂ emissions by as much as 50 percent. Even the "oil crisis" version would not meet these requirements. Necessary, therefore, are both additional measures to protect the environment and significantly greater efforts to save above all fossil energy sources and to utilize renewable energy sources.

Table 2. Total Emissions From the Provision and Consumption of Fossil Energies in Switzerland According to EEK Data

Year	Unit	CO ₂ (1000)	SO ₂	NO _x	KW	CO	Pb
1982	tons	39,400	69,100	201,600	84,700	147,800	1,300
2000	tons	59,900	46,900	202,400	59,300	185,200	125
"High" Index							
Version (1982=100)		152	68	100	70	125	10
2000	tons	47,300	39,000	156,000	45,400	147,900	106
"Oil Crisis"							
Version (1982=100)		120	56	77	54	100	8

Consideration for the Third World

The growing demand for energy can ultimately produce national and international tension. At the global level, it could drive energy and above all petroleum prices so high that the urgently needed energy for the Third World will become prohibitively costly. Overall debt there, already almost intolerable, would become even larger, which could have unforeseeable consequences for the world economy. The Western industrial countries consume about 18 times as much energy per capita as the developing countries. With 16 percent of the world population, we lay claim to over 50 percent of world energy consumption, whereas a good half of the world's population in the Third World has to get along with only 11 percent. If we, in view of this pent-up demand of the Third World countries, are not serious about saving energy, then we can hardly preach to them moderation and the use of adapted small-scale technology without ourselves becoming untrustworthy. But it would be just as problematical for us to propagandize our own energy-intensive life style to all mankind, because the necessary energy would be beyond the means of the poor countries, not to mention the resulting environmental and resource problems. From the point of view of international solidarity, then, energy saving must become a central postulate of energy policy for the industrial nations.

Rational Use of Electricity

In Switzerland, the conflict about nuclear energy in recent years has led to an obvious polarization of opinion. The construction site at Kaiseraugst was occupied. Several plebiscites at the canton and national levels indicate the continued polarization. The actual cause of this conflict is the requirement for new nuclear power plants, that is, our continually growing power consumption. In the final analysis, then, it is the consumer who will determine how many more nuclear power plants are to be built in our country. In any case, a clear majority of determined energy savers would be reflected not only in the results of plebiscites but also in smaller increases in energy use and thus directly in the need for additional nuclear power plants. But the conflict cannot be solved as long as we continue to demand more power without accepting new power plants. In political terms, this means that additional nuclear power plants can only be justified in our country if suitable attendant circumstances are established so that the most efficient use possible of electricity can be guaranteed and all reasonable opportunities to save energy can be seized. In practical terms, there is probably no better way to relax the nuclear energy fronts than to persistently save electric power.

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The energy problem is still far from being solved. The risks in our energy supply are increasing along with increasing consumption. Dangerous crises can arise if we--as so often in the past--attempt to use energy without paying the full price for it. The full bill will be presented to us later with interest and compound interest. Clear examples of this are the two petroleum crises, the dying forests and the nuclear energy conflict. Energy policy must weigh the full costs of excess consumption against the resulting use. And it must establish suitable conditions so that the individual can consider these overall costs in his decision. Only in this event can optimum economic use be made of energy. Only under such conditions is there a genuine chance to save energy.

A responsible assessment of the current energy situation requires that we take the existing risks of our energy supply seriously before it is too late and more and more difficult crises force us to take emergency measures. Despite--and precisely because of--the deceptive development in the petroleum market, we must substantially strengthen our efforts to save energy everywhere and in all stages, at the political, economic and individual level, for the sake of the environment, supply security and national and international peace.

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